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**INNOVATIVE CAPITAL CLOSES \$37 MILLION HUD/FHA 242 FINANCING
KNOX COMMUNITY HOSPITAL RECEIVES A 4.4% FIXED RATE 27-YR LOAN
QHR-MANAGED FACILITY SAVES MILLIONS IN INTEREST EXPENSE**

SPRINGFIELD, PA and MOUNT VERNON, OH: (January 4, 2012) -- InnoVative Capital, LLC, a HUD-licensed FHA mortgage lender and healthcare financial advisory firm, has closed a \$37.13 million FHA Section 242 mortgage insured loan for Knox Community Hospital (KCH). Backed by Ginnie Mae securities, the 27-year fixed rate loan will refinance KCH's existing variable rate debt and fund its capital project needs.

To facilitate the most cost-effective borrowing rate and reduce costs of issuance, InnoVative Capital obtained FHA Section 242 Hospital Mortgage Insurance from the U.S. Department of Housing and Urban Development ("HUD"), to insure KCH's loan, which was funded through the sale of Ginnie Mae collateralized securities. With "AAA" caliber GNMA securities replacing KCH's BBB Fitch Rating, InnoVative Capital employed a unique bifurcated FHA dual-note structure that separately refinanced its 2004 variable rate bonds and funded the construction/permanent loan for its capital project. "By dividing the loan into two parts, we were able to lower KCH's blended note rate to 4.4% and save them over 50 basis points per annum for the life of the loan. Further, by using taxable construction loan certificates rather than municipal bonds, KCH eliminated over \$1.5 million of upfront negative arbitrage," said Alan P. Richman, InnoVative Capital's President and CEO. "But the real advantage to the hospital was the interest savings realized by borrowing at taxable GNMA rates rather than current municipal bond rates for BBB hospitals. Through the life of the loan, KCH is expected to save a whopping \$8.4 million in interest expenses," added Richman.

Located in Mt. Vernon, Ohio, KCH is a 115-bed nonprofit sole community provider of inpatient and outpatient services to the nearly 60,000 residents of Knox County, as well as surrounding areas. As an essential provider of healthcare services, KCH enjoys a service area market share exceeding 50%. Fulfilling its charitable mission, in the past two years of 2009 and 2010, KCH has provided over \$10 million of unreimbursed care annually to the community they serve and will exceed this amount again in 2011. KCH has a long standing, successful partnership with Quorum Health Resources (QHR), the largest manager of independent acute-care hospitals in the nation. With this relationship, strong governance, and experienced C-Suite leadership, KCH has consistently performed in the upper quartile for all QHR-managed hospitals in operating efficiencies and financial metrics.

The proceeds of KCH's FHA 242 mortgage insured loan refinanced its Series 2004 variable rate bonds and funded hospital additions and renovations of 31,400 square feet, including, updating and expanding its operating rooms, enhancement of its diagnostic and interventional cardiac programs, as well as the implementation of a hospital-wide electronic medical records system. A project highlight is the modernization and expansion of the KCH cardiac catheterization lab to meet strong growth in its diagnostic and interventional cardiac programs.

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OHIO'S KNOX COMMUNITY HOSPITAL RECEIVES A \$37.1 MILLION FHA 242 MORTGAGE INSURED FIXED RATE LOAN @ 4.4% - pg 2

“With the HUD financing now complete and favorable outcomes achieved, we can look back at the planning process that got us here. In following our board’s policy to limit our use of debt, working with InnoVative Capital, we evaluated a cross-section of financing options, provided board education and thereafter, executed their directive,” said Bruce White, CEO of Knox Community Hospital. “I believe we designed the optimal project financing and closed a very desirable loan, and look forward to a longstanding relationship with the account executives at HUD,” stated White.

“The date we locked our FHA 242 loan rate, was one of the most significant days in the history of our hospital; our reduced interest rate is fixed and will produce millions of dollars of interest savings for years to come,” declared, Mr. Kim Rose, Chairman of the KCH Board of Trustees. “The assurances InnoVative Capital gave our hospital for a positive outcome throughout the development and selection of FHA 242 as the financing means have been exceeded. Their attention to all details including their upfront analyses, were vitally important during each stage of the decision making process for our Finance Committee and Board,” explained Rose.

“We were all cognizant that KCH’s investment grade rating provided it with alternative financing options, including municipal bonds and bank debt, and I am gratified that the hospital leadership resolved to take a less traditional route and patiently trust InnoVative Capital and HUD to be able to deliver a federally credit-enhanced FHA 242 mortgage insured loan that produces savings directly to the hospital’s bottom-line. I commend HUD for recognizing the creditworthiness of KCH and guaranteeing their loan,” Mr. Richman added.

In addition to KCH management, the Construction Project team includes Project Manager, American Health Facilities Development, Shremshock Architects and Elford Construction. Groundbreaking is planned for January 2012, with an 18-month construction period.

About InnoVative Capital

InnoVative Capital, LLC, is a HUD licensed FHA mortgage lender and SEC/MSRB-registered municipal advisor, specializing in financing capital projects for 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. InnoVative Capital’s unique service-mix, including its proprietary **CFO HELPER**[®] analytics, has successfully developed, structured and financed the modernization of community hospitals nationwide. InnoVative Capital procures composite-financing from tax-support and government guarantees to refinance bank debt, retire variable rate notes and fund hospital construction projects. To date, as mortgage banker, InnoVative Capital has financed FHA 242 loans for hospital projects in Georgia, Texas, Idaho, Montana, Alabama, Colorado and Ohio. Building upon a reputation for creative financing solutions, InnoVative Capital has served hospital and healthcare providers in 35 states, including past and current capital financing engagements in Indiana, New York, North Carolina, Louisiana, Florida, Georgia, Wisconsin, Alaska, Pennsylvania and West Virginia. The KCH financing represents the eighth FHA Section 242 financing for a community hospital modernization project that InnoVative Capital has teamed up with AHFD and QHR to date.

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