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**INNOVATIVE CAPITAL CLOSSES \$40.3 MILLION FHA INSURED MORTGAGE LOAN
CRITICAL ACCESS HOSPITAL RECEIVES LOW-COST FUNDING IN TURBULENT MARKET**

SPRINGFIELD, PA and CRAIG, CO: (December 29, 2008) – In the face of almost nonexistent demand for new debt issuance and a historic rise in credit-based interest rate spreads, InnoVative Capital, LLC, a HUD-licensed FHA mortgage lender and healthcare financial advisory firm, closed a \$40.3 million FHA 242 mortgage insured low-cost loan for its client, The Memorial Hospital of Craig, Colorado (“TMH”). As the FHA mortgage banker, InnoVative Capital underwrote and secured FHA Section 242 Hospital Mortgage Insurance from the U.S. Department of Housing and Urban Development (“HUD”), to guarantee a 27-year construction/permanent \$40.3 million loan to fund TMH’s replacement hospital project backed by the full faith and credit of the U.S. Treasury. FHA 242 mortgage insurance offered the superior credit strength lenders and investors required in the turbulent economy, which has mothballed almost all corporate and municipal debt financings until the earliest, late first quarter 2009. TMH had expiring construction contracts; Moffat County had new housing projects underway and an underserved growing population. Neither could afford to wait and FHA 242 mortgage insurance was their answer.

TMH, a 25-bed, federally designated, critical access hospital, is a municipal facility located in northwest Colorado in Moffat County, 45 miles from the ski-resort town of Steamboat Springs. Operating at an altitude of 6,200 feet above sea level, with frigid mountain winters that can result in impassable roads, the residents of Moffat County are often totally reliant on TMH as their sole hospital source. The challenges of delivering essential acute care with an almost 60-year old facility to the 14,000 plus residents of its expanding service area precipitated its quest for a new hospital, which began almost 8 years ago and will be realized when the new hospital opens in December 2009.

“A new hospital was a necessity,” said George Rohrich, CEO of TMH, “we couldn’t wait any longer to act, and when the local community college donated land on their new campus for us to relocate, we had to seize the moment. While our hospital is profitable, the size and scope of our project required additional revenue sources to afford our loan. In consultation with our bankers at InnoVative Capital, we developed a tax initiative to implement a mil levy to supplement the financial operations of TMH. The passage of the tax measure for a term of 40-years, with a forecasted impact of \$1.5 million per annum, coupled with grants contributed by the State of Colorado, provided the additional financial security that HUD and InnoVative Capital required to obtain approval for our FHA 242 mortgage insurance application.”

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“With the hemorrhaging state of our banking institutions and available investment funds at a record low, the capital markets are experiencing an unprecedented exodus from all degrees of risk-based lending,” Alan P. Richman, president and CEO of InnoVative Capital explained, “and unfortunately, while we had an FHA mortgage insurance commitment in hand, the reality for TMH was the credit markets are as frozen as a Moffat County pond in the dead of the winter. Even the historic safety of the municipal bond and mortgage backed securities markets are being abandoned by investors, as all available funds are redirected into Treasuries.”

“With record credit spreads, what makes TMH’s financing viable is the use of FHA 242 Mortgage Insurance within a Ginnie Mae collateralized direct mortgage loan structure that employs a forward funding commitment to make construction loan disbursements, thereby eliminating multi-million dollars of negative arbitrage,” Mr. Richman reasoned, “this being said, we still needed to fund the loan, at a time when capital is being hoarded by investors, for this reason, we are truly blessed to have the AAA caliber federal-guarantee of FHA 242 mortgage insurance, which provides an attractive safe-haven investment and facilitated the placement of TMH’s loan at an attractive interest rate. Pure and simple, our faith in HUD and the value of their financial guaranty was rewarded. Juxtaposed to a spreading reliance in the hospital industry on ill-conceived high risk lending practices promoted by many bankers, we have steered our clients clear of these ticking time bombs and towards FHA. We are very thankful for the efforts of the staff of HUD’s Office of Insured Health Facilities and the taxpayers of Moffat County for believing in this project. For this reason, in 2009, TMH can focus on the chore of opening their new facility financed with FHA 242 mortgage insurance, rather than restructuring failed swaps and auction rate securities.”

Quorum Health Resources of Brentwood, Tennessee has provided management services and senior management to TMH since 1987. The project team was managed by its owner’s representative, American Health Facilities Development, LLC and architectural and construction services were provided by the firms of Earl Swensson Associates, Inc. and Robins & Morton, respectively.

InnoVative Capital, an FHA-licensed mortgage bank and financial advisory firm, specializes in the development and financing of major capital projects for rural, community and critical access hospitals. InnoVative Capital funds hospital loans guaranteed by FHA 242 Mortgage Insurance and USDA, in addition to the issuance of tax-exempt bonds and equity participation. InnoVative Capital’s national hospital banking and advisory practice represents community hospitals, tertiary care facilities and health systems across the United States. InnoVative Capital has acted as the FHA 242 mortgage banker in the financing of new hospitals in Texas, Idaho, Montana, Alabama and Colorado. Currently, InnoVative Capital has FHA 242 hospital engagements in Georgia, Wisconsin, Mississippi, Idaho, California and West Virginia. As the debt-related financial advisor to hospitals and healthcare facilities, InnoVative Capital’s recent clients have secured tax-exempt debt financing in New York, Georgia, Pennsylvania, Indiana, Oklahoma, North Carolina and Texas.

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