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INNOVATIVE CAPITAL ANNOUNCES THE FIRST FHA 242 MORTGAGE INSURED FINANCING FOR A DISTRICT-OWNED CRITICAL ACCESS HOSPITAL

KELLOGG, ID: (September 15, 2003) -- InnoVative Capital LLC has secured \$18 million for Shoshone Medical Center, located Kellogg, Idaho, to finance the construction of a replacement facility. This transaction represents the first time a district-owned owned Critical Access Hospital (CAH) has obtained financing through the US Department of Housing and Urban Development's FHA 242 Mortgage Insurance program.

Shoshone Medical Center was built in 1958 to serve a prosperous population of the historic mining communities of the Silver Valley. Despite the economic downturn of mining communities, Shoshone Medical Center has maintained continuous operations for the past 45-years. Building a new hospital will be the catalyst for increased economic development opportunities in the Silver Valley. With ad valorem tax support from the community, cost-based reimbursement under the CAH Program, fundraising activities, additional security pledges and financial support from the Idaho Health Facilities Authority, this FHA commitment has been realized.

InnoVative Capital led the team that helped Shoshone develop and execute the financing plan for its new replacement facility, scheduled to begin construction July 2003. Other team members include hospital management advisory services company QHR; construction project manager American Health Facilities Development (a subsidiary of QHR); AHFD partner and architectural firm Johnson Johnson Crabtree Architects; feasibility consultant BKD LLP; underwriter D.A. Davidson; financial advisor Ponder & Co.; law firms Krooth & Altman, Hawley Troxell Ennis & Hawley, and Evans Keane; community lender Bank of Latah; as well as the state bond issuer the Idaho Health Facilities Authority.

This landmark financing was made possible under HUD's newly adopted standards for use by CAHs. The CAH Program was established as part of the 1997 Balanced Budget Act (BBA), which provided for qualifying hospitals (CAH) eligibility for cost-based reimbursement instead of the nationwide Medicare prospective payment system.

According to Alan P. Richman, InnoVative Capital's President & CEO, "This is a defining moment for rural health care in the United States, as two offices of the Federal Government, Housing and Urban Development and Health and Human Services have combined their Programs to offer low-cost loan guarantees to the neediest of hospitals. Rural hospitals serving populations throughout the country will now have the ability to offer a full compliment of primary care services in modern new facilities. As residents of small communities will no longer have to travel great expanses to receive modern hospital services, the well being of its people will be better served. Further, as the local hospital is the cornerstone of most rural communities and in many cases its major employer, hospital construction projects, coupled with a modern replacement hospital will drive economic development and can restore the financial vibrancy of many rural communities across America."

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HUD ANNOUNCES ITS FIRST 242 HOSPITAL MORTGAGE INSURANCE COMMITMENT FOR A DISTRICT-OWNED CRITICAL ACCESS HOSPITAL-Page 2

“I was very impressed that from the beginning HUD had the best interest of our community at heart,” said Gary M. Moore, CEO of Shoshone. “HUD worked diligently to help us through the application process,” added Rick L. Mikkelson, CFO of Shoshone. Richman stated, “It will be our goal through the joint efforts of InnoVative Capital, the Shoshone Foundation, and QHR to help other Critical Access Hospitals through the evaluation and application process for funding replacement facilities. Hopefully sharing our experience will help shorten the process and save money for the applying hospital.”

InnoVative Capital, an FHA-licensed mortgage banking company and HUD-approved MAP Lender, specializes in constructing structured financing solutions utilizing FHA 242 Mortgage Insurance Program and other FHA financing strategies. InnoVative Capital provides cost effective and expedient access to the capital markets for real estate backed transactions, with specific emphasis on acute care hospitals and senior living facilities.

In its capacity as the FHA Mortgagee, InnoVative Capital manages the FHA 242 Mortgage Insurance process between the hospital, and HUD while formulating funding sources through the use of taxable and tax-exempt bonds, GNMA collateralized direct loans, and commercial bank credit facilities. InnoVative Capital LLC has engagements with hospitals nationwide, serving Critical Access Hospitals, community hospitals; tertiary care urban providers, and health systems.

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