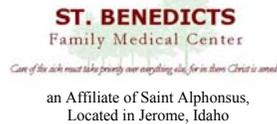


**We Are Pleased to Announce the Following Rural,  
Community, & Critical Access Hospitals**

**Are in the Process of Applying for HUD 242 Hospital  
Mortgage Insurance to Finance the Construction of Their  
Replacement Facilities**

*The Undersigned has been Selected to Serve as the FHA  
Mortgagee for these Transactions*

**InnoVative CAPITAL**

**About InnoVative Capital**

Founded in January 2001, InnoVative Capital is an FHA licensed mortgage banking and financial advisory firm serving hospitals and health systems nationwide. With a specialty focus on non-rated rural, community, and Critical Access hospitals, we structure financing solutions utilizing the HUD 242 Mortgage Insurance Program, as well as municipal bond insurance and letters of credit. In addition to providing hospitals with HUD 242 secured tax-exempt and Ginnie Mae collateralized loans for construction funding, facility acquisitions, and refinancing opportunities, InnoVative Capital also offers bridge loans and equity participation. Complimenting our hospital finance practice, our internal credit staff underwrites FHA loans for assisted living facilities, skilled nursing facilities, and multifamily housing properties.

Our staff is comprised of individuals with experience ranging from public finance, hospital credit analysis, health care consulting, mortgage banking, economics, and law. The collaboration of these distinct but complementary disciplines enables us to provide inventive solutions and unparalleled value at every step of the financing process, and provide our clients with seamless delivery and support, from the inception of the project throughout the life of the loan. We recognize that each hospital, community, and mission is unique, and for that reason, we are constantly developing relationships with a cadre of regional and national professionals who formulate the most appropriate responses to our client's distinct issues in the most efficient and effective way possible.

**Introduction to the HUD 242 Hospital Mortgage Insurance Program**

Established in 1968, the HUD 242 Mortgage Insurance Program provides "urgently needed" hospitals with access to affordable financing. Administered by HUD and Health and Human Services, HUD 242 Mortgage Insurance acts as a loan guarantee that enhances the creditworthiness of hospitals, enabling facilities of all sizes throughout the United States to obtain AAA credit ratings on their debt obligations.

Historically the Program was not marketed nationally and as such, while HUD 242 financed construction projects total \$9.2 billion, over 80% of these loans were made for hospitals located in New York and 10% in New Jersey. HUD is now actively seeking geographic diversification and has indicated its goal to pursue hospital business in all fifty states.

**InnoVative Capital is Uniquely Qualified to Serve Hospitals as Their HUD 242 Mortgage Banker**

- InnoVative Capital received the first HUD 242 Mortgage Insurance Commitment for a district-owned Critical Access Hospital.
- InnoVative Capital has substantial hospital mortgage banking and municipal finance expertise.
- We have developed a proprietary HUD 242 loan processing system.
- InnoVative Capital participates in the master facility planning process by performing credit rating/FHA eligibility and debt capacity analyses to determine a feasible project budget.
- InnoVative Capital utilizes its capital markets expertise to compliment public finance bankers in structuring debt financings utilizing innovative lease structures and ad valorem tax pledges to secure both hospital loans and required municipal infrastructure projects.
- Alan P. Richman the President and CEO of InnoVative Capital is nationally recognized as an industry expert for his breadth of knowledge and is a frequent speaker at health care conferences around the country.

**InnoVative Capital's National Presence**

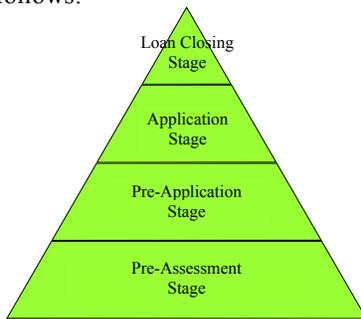
Through our strategic partners and client base, InnoVative Capital has representation in every state in the country.



**InnoVative Capital's HUD 242 Financing Process**

Throughout InnoVative Capital’s proprietary system of processing HUD 242 Applications, we rely on internally generated analytical reports, complete with extensive underwriting narratives, market reviews and project adequacy/sufficiency studies. InnoVative Capital accelerates the HUD process by identifying upfront the transactional strengths and weaknesses while providing an action plan outlining the steps to a successful deal. We direct all aspects of the HUD loan underwriting process in coordination with the other members of the financing and project development teams.

The HUD 242 financing process can be divided into four stages as follows:



Generally, in our role as FHA Mortgagee, InnoVative Capital provides the following functions during each stage of the HUD 242 Application process:

**Pre-Assessment Stage** - InnoVative Capital completes a preliminary underwriting analysis of the proposed project, existing debt structure, market position, and the creditworthiness of the hospital. We develop the financing structure, the loan sizing, sources and uses statement, debt capacity analysis and FHA eligibility review. We hold initial discussions with HUD regarding the proposed financing; and author a formal Pre-Assessment Submission package in order to secure a HUD Pre-Application Meeting.

**Pre-Application Stage** - InnoVative Capital prepares the working group for the HUD Pre-Application Meeting and requests, analyzes, and compiles materials for pre-meeting handouts, narratives, and technical reports. We manage the Pre-Application Meeting for the purpose of obtaining an invitation to submit the HUD 242 Application.

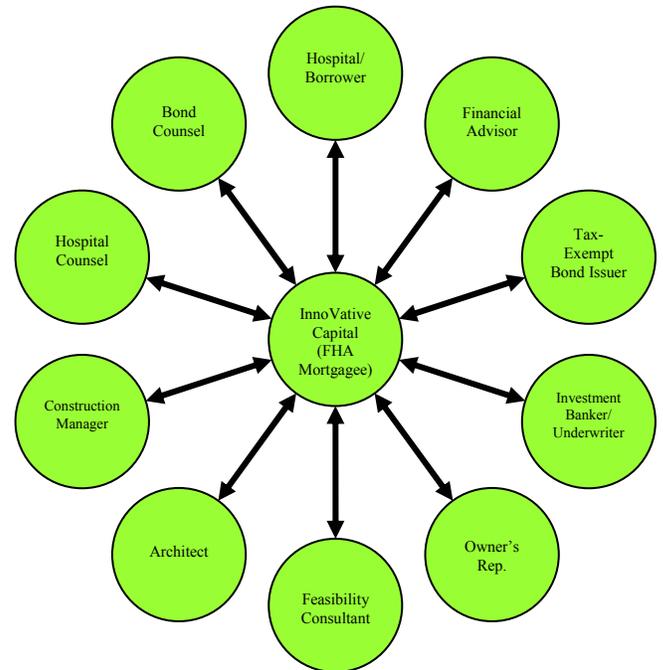
**Application Stage** - In our processing of the HUD 242 Application, InnoVative Capital assumes responsibility for the following:

- Creation of a working group financing and project development timeline/tracking system, outlining the schedule of events, and milestones essential for a timely HUD 242 financing.
- Advise the hospital regarding the selection of all third party consultants.

- Monitor the status of all externally generated HUD mandated reports and analyze their findings for suitability to the hospital’s needs and compatibility with HUD guidelines.
- Compile the HUD 242 Application, including all appropriate HUD forms, related exhibits and required underwriting analyses.
- Work closely with the hospital and the working group to finalize the HUD required security package, including the formulation of the loan structure and a plan to reduce required cash outlays at closing.
- Conduct presentations before local governments, state issuing authorities, lenders, and rating agencies.

**Loan Closing Stage** - With the investment banker, InnoVative Capital structures the FHA mortgage securitized tax-exempt bonds and, if required, places the GNMA collateralized taxable direct loan. InnoVative Capital, our counsel and our assignees prepare HUD loan documents for execution at the designated HUD field office at closing. Upon successful loan closing, monies can be released to the hospital pursuant to HUD approved disbursements, including the initial loan draw to reimburse the hospital for all HUD approved expenses incurred prior to closing the loan.

Through the entire financing process, InnoVative Capital acts as a deal manager and serves as a resource to advise the working group on all aspects of the FHA financing process.



*For additional information on the FHA 242 Hospital Mortgage Insurance Program or the services offered by InnoVative Capital, please contact Alan Richman, President & CEO, at 610-543-2490 or arichman@innovativecapital.com.*