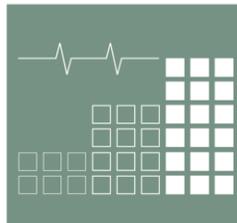


Quick Loan

A Private Placement Loan Program for Nonprofit Health Care Providers in Washington

Offered by:



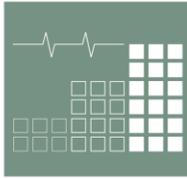
W A S H I N G T O N

HEALTH CARE FACILITIES

A U T H O R I T Y

Financing the Health Care Future

“Financing the Healthcare Future”



W A S H I N G T O N

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Dear Prospective Applicant:

It is our pleasure to offer the Authority's "Quick Loan" program for nonprofit 501(c)(3) health care providers in Washington. The program has been developed with an eye toward making it easy to understand and speedy for you, the borrower, to use.

Many of you have asked for a loan program that is simple and cost-effective for loans of less than \$10 million. The Quick Loan program is specifically designed for those loans.

Two features of these loans make them especially attractive:

1. The bonds are sold to your commercial bank or other bank lending institution.
2. The program utilizes the bank's own loan documents to facilitate document preparation and review.

The Quick Loan program involves a partnership between you, a lending bank, and the Authority. Most of you have an excellent banking relationship with your commercial bank that includes your cash accounts and possibly even loans at taxable interest rates. The goal of this program is to expand on that relationship by enabling your bank to provide you with lower-cost, tax-exempt financing through the Authority.

This booklet contains the following information:

- Brief Description of Quick Loan
- Financing Through the Quick Loan Program
- Projects Eligible for Financing
- Timing and Fees
- Financing Documents Description
- Appendix (with sample documents)

After you review this booklet, please feel free to share your comments with us on this new approach to supporting your financing needs.

Donna A Fincke

Donna A. Fincke
Executive Director

Brief Description of Quick Loan

Financing through the Quick Loan program is as easy as 1-2-3-4.

The Quick Loan program has been designed for convenience and ease of use. Only four major steps are necessary for successful completion of the Quick Loan program. The following pages provide additional detail for each step.

- 1 Submit Notice of Intent to Authority (verbal or written).**
- 2 Obtain Credit/Loan Approval from bank.**
- 3 Submit Application for Financial Assistance to Authority.**
- 4 Review and Sign Loan Documents.**

This booklet is a basic overview of the Quick Loan program. If you have any questions, please feel free to contact the Authority.

Donna Fincke
Executive Director
360.586.4370 - phone
360.586.9168 - fax
donnaf@whcfa.wa.gov

Shannon Govia
Assistant Executive Director
360.586.3678 - phone
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shannong@whcfa.wa.gov

Financing Through the Quick Loan Program

1. Submit Notice of Intent to Authority

The Notice of Intent serves as the springboard for the Authority to help you (“the borrower”) with the financing process and in obtaining credit approval from the bank(s).

- The Notice of Intent should be sent, or phoned to Donna Fincke or Shannon Govia at:

Washington Health Care Facilities Authority
410 11th Avenue SE, Suite 201
Olympia, WA 98504-0935
360.753.6185

- The Authority’s response to the borrower explores the types of projects and equipment that are eligible for financing under federal and state laws.
- In its response, the Authority also reviews such options as obtaining credit approval from one bank or bidding out loans to several banks.

2. Obtain Credit/Loan Approval from Bank

Applicants need to obtain credit/loan approval in the form of a commitment letter from a bank in order to proceed with the program.

- The Authority assists the borrower in preparing information for the bank review. If there is an advantage to having several banks compete for the loan, the Authority offers further assistance.
- The bank informs the borrower - as part of its credit/loan approval and commitment letter - about specific loan terms for each transaction, including the maximum dollar amount of the borrowing and proposed interest rate.

3. Submit Application for Financial Assistance to the Authority

The loan/legal document drafting process begins with Authority approval of an Application for Financial Assistance.

- Submit Application for Financial Assistance to the Authority. (See Appendix A for a sample application.)

- Include a copy of the bank loan approval and /or commitment letter in your submittal.
- The Authority Board acts on each application.
- Application acceptance initiates the drafting of the legal document process.

4. Review and Sign Loan Documents

In order to minimize the financing cost and accelerate the loan process, both the Authority and the banks use standardized loan documents. As such, the documents are not subject to negotiation or amendment, but loan terms with the bank may be negotiable.

- The applicant, bank and Authority review the loan documents. Parties may have one face-to-face meeting on the documents and additional meetings will be conference calls. A list of financing documents is included on page 7.
- Prior to issuing an opinion that the interest on the bonds is tax exempt, the Authority's bond counsel conducts a limited due diligence investigation of the borrower.
- Borrower's board adopts a corporate resolution authorizing the loan.
- Once all parties have agreed on the legal/loan documents, the Authority meets for final approval.
- All parties then sign the appropriate legal/loan documents and loan funds are disbursed.

Projects Eligible for Financing

As a general rule, any of the following items used for the delivery of health care services may be financed through this program.

- New construction
- Remodeling or renovation
- Equipment
- Acquisition of land, structures and furnishings

The dollar amount of any borrowing and loan terms will be determined by the lending bank's standards and credit assessment of the borrower.

Timing and Fees

Because the legal and loan documents are standardized, both the timing and fees of the Quick Loan program are minimized.

Timing

The Quick Loan program is designed to complete loans in as little time as possible. The typical turn around for the Quick Loan program is 45 to 60 days from receipt of a bank commitment letter to closing and disbursement of funds.

Typical fees

The Quick Loan program is designed to minimize processing fees of the loan and therefore provide an economic savings to the applicant. Typical fees for the program are:

- Authority: Application charge of \$7,500; annual fee of up to 4 basis points
- Bond Counsel: \$20,000 maximum, including due diligence, plus actual out-of-pocket expenses

Financing Documents

There are three types of financing documents for the Quick Loan program: those provided by the Authority; those provided by the bank; and, those provided by the applicant. (Copies of documents supplied by the Authority and the bank are available upon request.)

Documents supplied by the Authority:

- **Financing Agreement**
Contains Authority covenants required under federal tax laws and state law.
- **Depository Agreement**
Establishes special trust funds with the lending bank for the bond(s) as required by state law.
- **Authority Resolution**
Approves the loan.
- **Bond**
The actual bond to be held by the bank.
- **Assignment(s) of Financing Documents**
Assigns the Authority's interest in the financing documents and collateral to the bank.
- **Approving Opinion of Bond Counsel**
Legal opinion of bond counsel that the bond(s) is exempt from federal income tax.

- **Investment Letter**
Affirms the credit evaluation by the bank and that the bank is purchasing the bond for its own account.

Documents supplied by the Bank:

- **Loan Agreement/Promissory Note**
Documents and evidences the loan.
- **Deed of Trust/Security Agreement**
Establishes real and personal property collateral for the loan.
- **Other bank security documents**
Uniform Commercial Code (UCC) and other security documents as may be required by the bank.
- **Title Insurance**
(if required by the bank)
- **UCC Search**
(if required by the bank)

Documents supplied by the borrower:

- Certificate of Existence
- IRS 501(c)(3) Determination Letter
- Articles of Incorporation
- Bylaws
- Corporate Resolution of Borrower
- Governing board authorizing the loan and all financing documents.

Appendix

To assist you, some sample forms are attached which you may need to provide during the financing process. These forms are also available via fax or e-mail.

- A: Application for Financial Assistance
- B: Sample Official Intent Resolution



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APPLICATION FOR FINANCIAL ASSISTANCE – QUICK LOAN

Please complete the following application for financial assistance. The Authority will consider complete applications only. Failure to file a complete application may result in delay of application approval.

1. Identification of Applicant:

- (a) Legal name of applicant:
- (b) Address:
- (c) Applicant's legal structure: (please insert an "X" in the appropriate box below)
 501(c)(3) non-profit, other non-profit, government

Please attach a copy of your IRS determination of 501 (c)(3) status.

If other non-profit, please describe

- (d) Brief description of health care services provided by applicant.
- (e) Contact person(s):
Name: Title:
Phone: Fax:
E-mail:
- (f) Describe religious or other group affiliation, if any.

2. Requested Total Amount of Borrowing from Authority: \$

- (a) Please provide a summary of the purpose for which financial assistance is requested.
- (b) If the borrowing request is a part of a larger project, please summarize the entire project.

3. Detail of Total Requested Amount of Borrowing From the Authority.

The Authority, by statute, must approve the need and feasibility of issuing the bonds for any financing. The Authority may only finance those items listed in this application. Detail of the proposed borrowing is necessary in this determination (Note: the total below should match the Requested Total Amount of Borrowing in question 2 above.)

Uses of Bond Proceeds From Authority Borrowing

Category	New Spending	Reimbursement of Prior Expenditures	Total
Construction (including acquisition of land, building)	\$	\$	\$
Remodeling or renovation	\$	\$	\$
New equipment	\$	\$	\$
Replacement of equipment	\$	\$	\$
Refinancing	\$	\$	\$
Other	\$	\$	\$
TOTAL	\$	\$	\$

New Spending Request Detail

(a) New construction, remodeling or renovation:

- (1) Please provide a description and location of new construction, remodeling or renovation.
- (2) Please provide a detailed description of the current status of planning for the project and dates proposed for:
- (3)
 - (i) Completion of drawings for project, if necessary;
 - (ii) Filing of environmental impact statement, if necessary;
 - (iii) Entry into construction contract; and
 - (iv) Completion and/or occupancy.

(b) New or replacement equipment:

- (1) Briefly describe the equipment. (Please note: the Authority finances future equipment purchases, to be acquired in the fiscal year beyond the borrower's current fiscal year, if such equipment has been approved by the borrower's board for that fiscal year.)
- (2) Please attach an itemized list of equipment and location where such equipment will be placed in service.

(c) Refinancings: Please describe the debt to be refinanced, the purpose of the original loan, the name of the lender and whether any proceeds of the loan remain unspent. Please quantify any unspent amount.

(d) Other: Please list other items (e.g. cost of issuance, bank loan fees, appraisal fee, etc.) and the associated dollar amount.

(e) All Projects and Requested Borrowing:

- (1) Is a Certificate of Need (CON) required for any project or equipment listed above? If so, please attach a copy of the CON.

(2) Is a term sheet or commitment letter from a bank available? If so, please attach a copy.

Reimbursement of Prior Expenditures Detail (if any):

- (a) Please attach a detailed list of the items and dollar amounts in this reimbursement request including expenditures already made and expenditures anticipated to be made prior to closing.
- (b) Please attach copies of adopted board “Reimbursement Resolutions” for any expenditure for which reimbursement is requested.

4. Information on Applicant:

(a) Finances. Please provide the following information:

- (1) Summary of the income statement for the past three years listing revenues and expenses by major categories, such as the following:

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>
<i>Total Revenue</i>			
<i>Operating Expense</i>			
<i>Income from Operations</i>			
<i>Non operating Income/Expense</i>			
<i>Excess of Revenues over Expenses</i>			

- (2) Attach copies of audited financial statements for each of the past three years;
- (3) Attach the most current financial statement;
- (4) Attach the current year's budget of revenues, expenses and capital expenditures;
- (5) Has management prepared financial projections? If so, please attach a copy.
- (6) Has a feasibility study been prepared for the project? If so, please attach a copy.

(b) General Information of Applicant. Please provide:

- (1) Brief description of existing health facilities, such as categories of health services offered, number of inpatient beds (if any) , approximate number of medical and other staff, number of clinics, etc.
- (2) Brief summary of operating statistics for last three years, such as percentage bed occupancy, number of patients cared for (inpatient and outpatient) etc. Please feel free to include any other similar statistics the applicant considers relevant for the type of healthcare being provided.
- (3) Brief description of any pending or threatened litigation or administrative actions that would have a material adverse effect on applicant.

5. Public Benefit of Proposed Borrowing:

- (a) Estimate of aggregate savings (dollars or types of activity) over the life of the proposed financing by financing at tax exempt interest rates.
- (b) Describe the means which the applicant proposes to insure that the savings from the tax-exempt financings proposed in this application will benefit patients or users of applicant's services.

6. Information on Lender (if one has been selected):

- (a) Identify the proposed lender and whether they are a qualified public depository, and have trust powers.
- (b) Describe the lender's proposed fees for this financing.

7. Certification:

I, the undersigned, request that this application be submitted for review. I hereby certify that the information contained herein and the attachments hereto are to the best of my knowledge and belief accurate and descriptive of the project which is the subject of the requested financing.

I authorize the Washington Health Care Facilities Authority to undertake the preparation of tax-exempt financing documentation and any notices, hearings or other actions taken by the Authority to facilitate the requested financing. I also agree to reimburse the Authority for out-of-pocket expenses incurred in connection with taking such actions, including, but not limited to, bond counsel fees, cost of advertising public notices, financial advisor's fees, and other disbursements related to preparing the proposed financing. I understand that the Authority makes no commitment to provide financing and that such financing is conditional upon the approval of the Authority and the execution of legally binding commitments acceptable to all parties. Attached is an application fee of \$7,500.

Applicant Name:

Signature: _____

Title:

8. Copies

Hard Copy Application:

Please mail 7 copies of the completed application along with the \$7,500 application fee to:

Washington Health Care Facilities Authority
Attention: Donna Fincke
410 11th Avenue SE, Suite 201
P.O. Box 40935
Olympia, WA 98504-0935

or

Electronic Application:

For electronic submission, please e-mail the application to donna@whcfa.wa.gov and mail one original with all attachments along with the \$7,500 application fee to the address listed above.

[SAMPLE OFFICIAL INTENT RESOLUTION]

BOARD OF TRUSTEES
[NAME OF HEALTH CARE FACILITY]
RESOLUTION NO. ____
(Official Intent Resolution)

For purposes of complying with the provisions of (i) Treasury Regulation Section 1.150-2 with respect to qualification of reimbursement allocations as expenditures of bond proceeds, and (ii) Treasury Regulation Section 1.141-4 with respect to allocations of expenditures paid from sources other than the proceeds of tax-exempt debt (“Equity”), the Board of Trustees (the “Board”) of _____ (the “Health Care Facility”) resolves as follows:

- 1. The Board hereby finds it desirable for the Health Care Facility to undertake the following capital project (the “Project”):

[Describe Project]

- 2. The estimated cost of the acquisition and installation of the Project is \$_____. The Board hereby declares its intent:

(a) To finance up to \$_____ of the cost of the Project from Equity;

(b) To finance or refinance up to \$_____ of the cost of the Project through the incurrence of tax-exempt debt (“Tax-Exempt Bonds”) by the Health Care Facility through [insert name of the appropriate issuer], but pending the issuance of such Tax-Exempt Bonds, the Health Care Facility may make capital expenditures or incur taxable indebtedness in furtherance of the Project, in anticipation of reimbursement for such expenditures from the proceeds of such Tax-Exempt Bonds, when issued.

BOARD OF TRUSTEES
[NAME OF HEALTH CARE FACILITY]
By: _____
Title: _____
Date: _____

[ADD THE FOLLOWING IF REQUIRED]

ATTEST: _____

DATE: _____