

MISSOURI HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

HELP!

HEALTH AND EDUCATIONAL LOAN PROGRAM

**LOW INTEREST RATE LOANS
FOR MISSOURI'S
SMALL HEALTH AND
EDUCATIONAL FACILITIES**

**MISSOURI HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY
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Program Objective

The Missouri Health and Educational Facilities Authority (the Authority) recognizes the difficulty that small providers of health and educational services experience obtaining adequate financing for their capital needs. Therefore, in 1995 the Authority created the **HELP!** Program to provide these organizations access to low cost loans. The Authority, through **HELP!**, intends to use funds generated through various programs to extend much needed low cost financing to Missouri's small health and educational providers.

PLEASE NOTE: The funds available for this Program are limited and are allocated on a "first come" basis.

Eligibility

General Requirements:

- For health facilities financings, the institution must have fewer than 100 beds, and cannot be owned by or otherwise supported by the financial backing of a system or hospital with more than 100 beds.
- For educational facilities financing, the institution must have fewer than 2,000 students enrolled.
- Must be a health or educational facility as defined in the Authority's Act.
- Must be a non-profit 501(c)(3) corporation, according to I.R.S. definition or a political subdivision of the State of Missouri.
- Must have been in existence for at least three years performing the same types of services.
- Must demonstrate, to the satisfaction of the Authority and its Financial Advisor, evidence of fiscal soundness and the ability to meet the terms of the proposed loan.
- For construction and remodeling projects, must demonstrate readiness to begin projects shortly after funding.
- Must certify as to the benefits provided residents of the State of Missouri.

Additional Considerations

In addition to the General Requirements, consideration may be given to those projects which:

- Leverage funds from other sources.
- Demonstrate strong community support.
- Fill a pressing community need.

Uses of Funds

Funds may be used to:

- Perform feasibility studies, site tests, and surveys
- Pay permit, architectural, and other pre-construction costs
- Construct or remodel facilities
- Acquire a new facility
- Purchase equipment

Funds may not be used for:

- Day-to-day operating expenses (working capital)
- Reimbursement of prior project expenditures
- Funding start-up organizations
- Refinancing existing debt

Loan Information

Terms:

- Fixed interest rate equal to 10-year U.S. Treasury Note rate set on date loan is approved by Authority board action; OR
- Annually-adjusted interest rate equal to 10-year Treasury Note rate set on date loan is approved by the Authority and reset on December 1st for each upcoming calendar year
- Maximum individual loan size and maximum outstanding balance for all aggregate loans is \$400,000 per borrower
- A proposal for adequate collateral (e.g. revenue pledge, mortgage, equipment, etc.) is required to be submitted with the initial application information
- Borrowers must contribute a minimum of ten percent (10%) toward project costs. This ten percent (10%) must either be in the form of cash or documented project expenditures, subject to approval by the Authority
- Level monthly payments
- Borrowers may prepay the loan without penalties
- Maximum term of 10 years

Standard Covenants

Borrowers receiving loans must:

- Submit annual budgets, quarterly unaudited financial statements, and year-end audited financial statements
- Maintain adequate property and business insurance
- Notify the Authority of any **significant** changes in corporate existence prior to the occurrence (i.e., mergers, consolidations, structure or name changes)

Fees and Charges

- For approved loans, there is a one-time fee payable at closing equal to one-half of one percent (.5%) of the loan amount. This one-time fee is used to defray loan administration and closing costs and can be financed as part of the project.
- There are no ongoing fees of the program. However, loan payments more than 30 days late will be assessed a five percent (5%) penalty on the amount due. In addition, payments more than 60 days late may, at the option of the Authority, cause acceleration of the remaining loan balance.

Health and Educational Facilities Defined

To be eligible for financing, an applicant must have received non-profit status and qualify as a health or educational facility under the Authority's enabling legislation - Chapter 360 of the Missouri Statutes.

Applying for a Loan

The Authority welcomes your application and wishes you success in your financing endeavors. The Authority staff will be pleased to answer any questions you have or to provide technical assistance in preparing the application. A pre-application discussion with Authority staff is recommended to ensure that the borrower and project qualify for financing. Please call us at (636) 519-0700.

General Information:

Applications will be accepted at any time, loans will be made as funds are available. The Authority may schedule a site visit to evaluate the project and the borrower's operations.

Final approval is required by the Authority Board at a regularly scheduled meeting.

Submitting the Application:

Forward **three (3)** completed copies of your application to:

Missouri Health & Educational Facilities Authority
15450 South Outer Forty Road
Suite 230
Chesterfield, Missouri 63017

HELP! APPLICATION FORM

I. Summary Information:

Borrower Name: _____

Borrower Address: _____

Address of Project
(if different from borrower): _____

Contact Person: _____ Title: _____

Phone: _____ Fax: _____

E-Mail: _____

Requested Loan Amount (max. \$400,000): _____

Requested Term (max. 10 years): _____

Proposed Collateral: _____

Fixed Rate or Annually-Adjusted Interest Rate: _____

Date of Application: _____

Date Funds Needed: _____

[Authority Use Only]

Date Received: _____

Authority Meeting Date: _____

II. General Eligibility:

YES

NO

A. Is borrower considered an eligible health or educational facility pursuant to the General Requirements listed on page one of the Information Material and Pursuant to the Authority's Act? _____

State type of eligible facility: _____

B. Is borrower a non-profit 501(c) (3) corporation for purposes of federal and state tax law or a political subdivision of the State of Missouri? _____

C. Has the borrower been in existence for at least three years performing the same type of services? _____

D. If construction or remodeling is part of the project, is work ready to begin upon funding? (i.e., construction contract executed and building permit obtained) _____

*If answer to D is no, please provide brief status report below:

E. If the answer to D is no, will a portion of the loan funds be used to pay for studies or other necessary pre-construction costs? _____

F. Are your services available to all who reside and work in your service area? _____

III. Background Information: (Use additional pages as necessary)

Borrower funds	\$ _____	(_____ %)
Other (describe)		
_____	\$ _____	(_____ %)
_____	\$ _____	(_____ %)
_____	\$ _____	(_____ %)
Total Sources:	\$ _____	(<u>100</u> %)

“Borrower Funds” must comprise at least ten percent (10%) of the total sources of funds. This ten percent (10%) **must** either be in the form of cash or documented project expenditures, subject to approval by the Authority.

B. Uses of Funds:

Construction (new or remodeling)	\$ _____
Acquisition of real property	\$ _____
Equipment	\$ _____
Authority closing fee (.5% of loan amount)	\$ _____
Other (list)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Uses:	\$ _____

VI. Supplemental Materials:

1. Corporate Status:

A. Provide a copy of the operating license(s) of the facility(s) to receive

financing.

- B. Provide a copy of your corporation's tax exemption letters from the IRS.
- C. Provide copies of your corporation's certified Articles of Incorporation and Bylaws and any changes since the initial filings.
- D. Provide a copy of the most recent accreditation letter, if applicable.

2. Financial Information:

- A. Provide copies of audited financial statements for the three most recent fiscal years, and the most recent unaudited interim statements.
- B. Current operating budget, including utilization (health) or enrollment (education) statistics for the past five years.
- C. Discuss any significant year-to-year changes in net income, assets and liabilities.
- D. Provide a copy of Board Minutes or resolution approving the application for a loan for this project.

3. Management Information:

- A. List the names, terms, and occupations of your corporation's Board of Directors.

4. Other Information:

- A. State whether there exists any suit or proceeding, pending or threatened, which might adversely affect your ability to operate or to repay the loan. Use additional pages and attach supporting documentation if necessary.
- B. Note any delinquent tax obligations and if all tax returns have been filed. Use additional pages and attach supporting documentation if necessary.

5. Certification:

Please have the Executive Director, CEO, Chair of the Board or other individual with the authority to commit the organization to contract complete the following certification.

I certify that to the best of my knowledge the information contained in this application and the accompanying supplemental materials is true and accurate.

Print Name

Signature

Title

Date

Revised February 21, 2006