

RIHEBC Process

RIHEBC'S financing process happens in 4 steps: Step 1 is optional and consists of pre-financing assistance; Steps 2 through 4 are required and consist of application acceptance; preliminary approval; and final approval.

Step 1: Pre-financing Assistance (Contact Us)

While not all of RIHEBC's borrowers require pre-financing assistance, for those that do, or are not sure if they do, RIHEBC encourages you to contact the Corporation at the early stages of planning for a borrowing. By doing so, you can be assigned one of the Corporation's financial advisors who will offer assistance on calculating debt capacity, understanding your credit profile, evaluating financing options, and then determining a preliminary plan of finance.

Step 2: Application Acceptance

Complete and submit RIHEBC's application, along with requested materials. RIHEBC will review the application and request any follow-up information that may be needed. Then the Corporation will present your application to the Board for "acceptance" at the next Board meeting. Please note, RIHEBC needs to receive an application 10 business days prior to the date of the Board meeting. Generally, Board meetings are held on the second Wednesday of each month.

At the Board meeting, your application will be reviewed and most likely be accepted, and a financial advisor (FA) and bond counsel (BC) will be

formally assigned. Please note that if you have availed yourself of Step 1, you will already have been assigned an FA.

Step 3: Preliminary Approval

The FA will prepare a “Preliminary Approval Memorandum” (PAM) to be presented to the Board, usually, but not always, at the Board meeting following application acceptance. Please note, RIHEBC requires a representative from your institution be present at the Board meeting at which the PAM is presented by the FA, to answer any questions the Board might have -- most likely about your institution’s finances or the project to be financed. The PAM is a review of the financing, the use of proceeds, the credit profile of your institution, and other key information for the Board to consider.

By this time, you will have met and/or spoken with the FA and have determined a preliminary plan of finance. Some key considerations for the plan of finance:

*Will this be a public offering? If so, an underwriter RFP must be completed. The Corporation and FA will assist with this process.

*Will this be a direct bank purchase? If so, RIHEBC highly recommends doing an RFP to identify bank purchaser candidates. The Corporation and FA will assist with this process.

*Will a bond rating(s) be obtained? If so, the Corporation and FA will assist with this process. The FA will help you understand your credit profile,

gather relevant credit rating materials, forward materials to the Rating agencies and schedule the rating call(s).

Generally, the FA will work with you to answer these, and many other, technical questions.

By this time, it is also likely that you will have met and/or spoken with the assigned BC. Bond counsel does the important due diligence on your institution and project to determine that the bonds can be tax-exempt. They will provide you with a tax due diligence questionnaire and request a variety of documents and information. At this point, you will want to engage your own counsel (“borrower counsel” should be someone familiar with tax-exempt bond transactions. RIEHBC can provide names of qualified firms).

Step 4: Final Approval

The FA will prepare a “Final Approval Memorandum” (FAM) to be presented to the Board, usually, but not always, at the board meeting following preliminary approval. The FAM will have more specific information on the structure of the bonds, ratings, if applicable, expected sale and closing dates, etc. By this time, you will have had several meetings (most likely conference calls) with the members of your financing team (FA, BC, borrower counsel, RIEHBC, etc.) and bond documents will be in near final form. BC will present to the Board a final authorizing resolution that will summarize the transaction and serve as RIEHBC’s formal approval to proceed.

For 501c3 institutions, a Tax Equity and Fiscal Responsibility Act (“TEFRA”) notice will need to be published and a hearing held. TEFRA is a

requirement of the IRS when issuing tax-exempt bonds, and your BC will guide you through this process. The TEFRA process is generally completed prior to final approval.

Once the final approval (and TEFRA, if applicable) is in hand, the closing of the bond issue can occur.