

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 submission; preliminary approval; and final approval.

Step 1: Pre-financing Assistance (Contact Us)

While not all 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, RIHEBC and its dedicated financial advisor, Acacia Financial ("Acacia"), can gauge what your financing needs are, review the process with you, and then help you secure a financial advisor who will represent you, the borrower (the "borrower FA"). The borrower FA will be an extension of your finance staff and will offer invaluable assistance on calculating debt capacity, understanding your credit profile, evaluating financing options, and then determining a preliminary plan of finance. The Corporation's pre-qualified list of borrower FAs is [here](#).

Step 2: Submitting Your Application

Next you will need to complete and submit RIHEBC's application, along with requested materials. RIHEBC will review and request any follow-up information that may be needed. RIHEBC needs to receive this information at least four weeks before the board meeting at which your institution will be considered for Preliminary Approval (Step 3). After submitting an application, RIHEBC will send the information along to Acacia so that they may begin to put together a credit memorandum to support Preliminary Approval. A full list of up to date board meetings can be found [here](#).

At this stage, we will begin to assemble your financing team. If you have not already secured a borrower FA as noted in Step 1, we can assist with this process. We will also assist with securing a bond counsel and, if needed, a borrower counsel. Other members of the financing team, for example a bank purchaser or underwriter, will be identified later in the process as appropriate to the transaction.

Our pre-qualified list of bond counsel firms is [here](#).

Step 3: Preliminary Approval

As noted above, Acacia will prepare a Preliminary Approval Memorandum ("PAM") to be presented to the Board. Please note, RIHEBC requires a representative from your institution to be present at the board meeting at which the PAM is presented, to answer any questions the Board might have -- most likely about your institution's finances or the project to be financed. The primary purpose of the PAM is to provide a complete credit review of you, the borrowing institution, and to assist the RIHEBC Board in making the statutorily required finding that you are "financially responsible." The PAM will also describe whatever is known about the structure of the transaction at that time.

By this time, you will have met and/or spoken with the borrower FA and 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 Acacia will undertake this process and will consult with you and your borrower FA in selecting an underwriter after proposals are received.

- Or, will this be a direct bank purchase? If so, RIHEBC highly recommends doing an RFP to identify bank purchaser candidates. The Corporation and Acacia will undertake this process and will consult with you and your borrower FA in selecting a bank after proposals are received.
- Will a bond rating(s) be obtained? If so, the borrower FA will assist with this process with any needed input from the financing team. The borrower FA will help you understand your credit profile, gather relevant credit rating materials, forward materials to the rating agency and schedule the rating call(s).

Generally, the Corporation and the advisors 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 bond counsel. This law firm 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, if you haven't already, you will want to engage your borrower counsel.

Step 4: Final Approval

Acacia 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 (FAs, bond counsel, borrower counsel, RIHEBC, etc.) and bond documents will be in near final form. Bond counsel will present to the Board a final authorizing resolution that will summarize the transaction and serve as RIHEBC's formal approval to proceed to a closing.

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 bond counsel 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.

If you have any questions, please contact us [here](#).