**Parkview Community Hospital**

**Riverside, California**

Parkview Community Hospital Medical Center (“Parkview” or the “Hospital”) is a 193-bed facility located in Riverside, California. Parkview is the only not-for-profit hospital in the Riverside market, and for more than 50 years, has provided care to low and moderate income families. The Hospital has approximately 900 employees.

In April 2011, Parkview closed on a $29,098,700 FHA-insured refinancing loan, the first one approved under the Section 242/223(f) program for hospitals. The interest rate on the FHA-insured loan, which had a 20 year amortization, was 4.78%; annual debt service savings is approximately $3.1 million. FHA’s approval of the Parkview 242/223(f) refinance loan was the successful culmination of the Hospital’s long-term efforts to secure an affordable capital structure that would stabilize its operations. Moreover, without the Section 242/223(f) program, it is highly likely that the Hospital would not have been able to continue in its current form as community-based, not-for-profit provider of care.

Parkview’s inability to obtain low-cost, long-term capital before the implementation of the Section 242/223(f) program was the result of events that unfolded over the prior decade. In 2002, Parkview was briefly decertified from the Medicare Program. While Parkview was able to immediately demonstrate that the decertification was in error, and the problem was quickly corrected, the negative publicity and financial hardships caused by the unfortunate event forced the Hospital to declare bankruptcy. After the bankruptcy filing, Parkview hired a new leadership team, who led the Hospital out of bankruptcy in December 2006. Furthermore, by January 2009, the team fully paid all claims brought by the bankruptcy.

Because of the bankruptcy, the traditional capital markets were not a realistic option for Parkview. Therefore, it had to turn to expensive, short-term debt instruments that led to significant restraints on the Hospital’s ability to operate and manage its cash-flow. Immediately prior to refinancing through the Section 242/223(f) program, the interest rate on Parkview’s debt was over 15%. This loan was repaid with FHA-insured loan proceeds one month prior to its maturity.

Parkview’s finances, bolstered by having $3.1 million less in debt service costs, have considerably improved since it closed on its insured loan. It is now considering expanding its emergency room and surgical operations with a Supplemental Loan insured under the Section 241 program.