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## **NFMA RELEASES RECOMMENDED TERM SHEET AND LEGAL PROVISIONS FOR HOSPITAL DEBT TRANSACTIONS**

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The National Federation of Municipal Analysts (“NFMA”) today released its *Recommended Term Sheet and Legal Provisions for Hospital Debt Transactions* (the “RTS”) on its website, [www.NFMA.org](http://www.NFMA.org). An Exposure Draft of the document had been released on June 20, 2005. The NFMA processed the RTS in a manner similar to its disclosure efforts. The initial draft RTS was widely circulated and the industry comment period was used to seek input from interested parties. Comments on the Exposure Draft were taken through September 15, 2005.

Members of the NFMA determined that as a result of the breadth and diversity of the municipal market, there is a lack of standardization in hospital bond legal documents, which leads to much confusion and potential risk to bondholders. In addition, particularly in the “high grade” market, some key transaction participants may not have extensive experience in workouts and bankruptcies. The NFMA thought it would be a useful resource for all concerned to assemble recommended provisions that incorporate the lessons learned by its members in following many deals through the default, workout and bankruptcy cycle. The RTS represents an initial attempt to address these issues.

This RTS is designed to complement the continuing effort by the NFMA to improve disclosure in the municipal marketplace. Other papers released by the NFMA are twelve Recommended Best Practices in Disclosure covering Land Secured Debt Transactions, Housing Revenue Bond Issues, Hospital Debt Transactions, Private College and University Transactions, Solid Waste Transactions, General Obligation and Tax-Supported Debt, Long-Term Care/Senior Living Debt, Variable Rate and Short-Term Securities, Tax Increment Financings, Public Power Financings, Airport Debt and Toll Road Financings, as well as a White Paper on Disclosure for Swap Transactions. Draft Recommended Best Practices in Disclosure for Water and Sewer Transactions and a Draft White Paper on Project Finance Risk Assessment and Disclosure are also in the process of being finalized and will be released in final form in the first quarter of 2006.

Established in 1983, the NFMA is an organization of nearly 1,000 members, primarily research analysts, who evaluate credit and other associated risks in the municipal market. These individuals represent, among others, mutual funds, insurance companies, broker/dealers, bond insurers, rating agencies, and financial advisory firms.