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Nonprofit Facilities

A program of the Washington State Housing Finance Commission



Tax-exempt bonds issued for capital facilities and equipment that serve the mission of nonprofit organizations.

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Nonprofit Facilities Financing Program

If your nonprofit organization is planning a capital campaign or is expanding its operations, consider a short- or long-term loan to get your project completed sooner and at lower costs.

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Eligible Organizations

To be eligible for the Nonprofit Facilities Program an owner must be a nonprofit organization, as certified by the IRS under Section 501(c)(3) of the tax code. It must own 100 percent of the project, or that portion of the project that is financed with tax-exempt bonds. The project must be located in Washington State.

Eligible Activities

Nonprofit organizations can use tax-exempt bonds to finance facilities and equipment that meet the nonprofit's stated 501(c)(3) mission, including:

- Construction and rehabilitation of buildings
- Purchase of land, equipment and buildings
- Refinancing of existing capital debt
- Lease or purchase of equipment
- Development and feasibility study costs, such as architectural, engineering, fundraising consulting, accounting, and legal costs directly related to the project and its development can also be financed.

Eligible Facilities and Equipment /Examples of Projects:

- Performance halls
- Administrative offices
- Day care centers
- Job training sites
- Independent schools
- Athletic facilities
- Research facilities

Possible capital equipment projects may include: veterinary equipment, museum exhibits, computer and communication networks and equipment, vehicles, stage sets, etc.

Some types of nonprofit projects are not eligible for tax-exempt financing

Projects that include religious activities, i.e. churches and synagogues are not eligible. However, projects that serve nonsectarian purposes that are sponsored by religious organizations are often eligible.

[Religiously Affiliated School Questionnaire \(PDF\) \(Word\)](#)

[Religiously Affiliated School Indemnification Agreement \(PDF\) \(Word\)](#)

If the project provides both social and health services, please contact us to determine eligibility. Projects providing health services that can be financed under the Washington Health Care Facilities Authority (WHCFA) are not eligible for Housing Finance Commission bonds.

If you represent a higher education facility and your main campus is permanently located in Washington State you may be eligible to participate in programs of the [Washington Higher Education Facilities Authority \(WHEFA\)](#).

Typical savings

[Streamlined Tax-Exempt Placement \(STEP\) Program](#)

Savings are typically one to two percentage points below market rates. They are set by the lender. Smaller projects generally use STEP. It uses standardized documents to save time and costs.

For larger projects, when borrowing typically exceeds \$3 million, investment banks market the bonds to retail and institutional investors. In these cases interest rates are lower than for smaller projects, but the financing process is more complex and associated fees are larger. The borrower can still realize significant savings.

Benefits to Nonprofits

- Lower interest rate loans (savings typically are 1 to 2 percentage points on smaller loans, more on larger financings)
- More funds available for operations or endowment

- Earlier construction
- Less dependence on grants and other financing
- Efficient use of donor gifts
- Cash management flexibility

Program cost

Please contact us to discuss the Commission's fees for issuing bonds.

Contact Us Early in the Process

To obtain the most benefit from this program it is important to contact us as early as possible in the financing planning process. We often start working with nonprofits during the preliminary capital campaign planning stage. Timing is important because borrowing can be used for project related fundraising and design costs. Many decisions made early on will affect your fundraising and financing flexibility. [Capital Projects Contact List](#)

This page was modified on 01/10/2006.

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