

# **ACTUARIAL STUDY OF HEALTH FACILITY CONSTRUCTION LOAN INSURANCE FUND AS OF JUNE 30, 2022**

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

OFFICE OF HEALTH FACILITY LOAN INSURANCE

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN  
INSURANCE PROGRAM

November 5, 2024

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# 1. EXECUTIVE SUMMARY

Health and Safety Code, Section 129330, requires the Department of Health Care Access and Information (HCAI) (formerly known as the Office of Statewide Health Planning and Development (OSHPD)) to contract for an actuarial study in each even-numbered year to determine the reserve sufficiency of the funds held in the Health Facility Construction Loan Insurance Fund (HFCLIF). Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) has been engaged by HCAI, Office of Health Facility Loan Insurance (Cal-Mortgage), to conduct the actuarial study of the California Health Facility Loan Insurance Program (Program) and the HFCLIF.

Specifically, the scope of services includes the following items:

- A determination of the reserve sufficiency for the HFCLIF as of June 30, 2022. Calculations reflect foreseeable risks, including extraordinary administrative expenses and actual defaults (Health & Safety Code, Section 129330)
- An assessment of the risk to the State’s General Fund of the Program

As detailed in Section 4 Results and Methodology, the following analyses were performed to meet the abovementioned objectives:

- Reserve Sufficiency of HFCLIF
- Income Debt Service Ratios
- Cash Flow Debt Service Ratios
- Risk to the State’s General Fund

The study was based on the Program’s insured portfolio as of June 30, 2022 (accounting date) is based on data evaluated as of June 30, 2022 (valuation date) and additional information provided to Oliver Wyman through August 9, 2024 (review date).

Under the administration of HCAI, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to health care. The sources of revenue for the Program are premiums and fees used to pay all default and administrative expenses. As of June 30, 2022, HCAI insured 63 projects with an original amount insured totaling \$2.056 billion.

Oliver Wyman is of the understanding that the Program is not subject to Department of Insurance (DOI) standards, but we believe this comparison serves as a good proxy to evaluate the reserve sufficiency for the HFCLIF. It is important to note that the DOI standards require that private insurers have front-end capitalization of at least \$75 million before they can be licensed to do business in California. The Legislature did not capitalize the Program, but the payment of principal and interest on the loans are fully and unconditionally guaranteed by the State of California. All of the HFCLIF reserves (referred to as “cash balance” as per the Cal-Mortgage Monthly Activity Report Ending June 30, 2022), \$145.94 million as of June 30, 2022, have been derived from the Program’s “earnings” over the past 40-plus years. Nonetheless, if the DOI standards were applied to the Program, the reserve requirement would total \$156.94 million as of June 30, 2022. Thus, under the DOI standards, there is an \$11.00 million shortfall in the HFCLIF.

The financial strength of the HFCLIF was evaluated by conducting a cash flow projection analysis, which estimates cash in-flows, out-flows, and year-end balances over the next 30 years. The projections under

the Expected Scenario indicated a positive expected fund balance at least through Fiscal Year 2051/52 despite the aforementioned HFCLIF shortfall.

As discussed below, we conduct numerous scenario testing exercises to “stress-test” HFCLIF’s funding under higher levels of defaults and differing levels of business. We believe these scenarios anticipate a sufficient level of adverse development in the economy and healthcare business that may result from the post-COVID-19 environment.

## 2. BACKGROUND

### Program

The Program was authorized by California Constitution Article XIII, Section 21.5 (now Article XVI, Section 4), and approved by the voters in 1968. Modeled after federal home mortgage programs, the Program makes it possible for nonprofit healthcare facilities to obtain private financing, without cost to taxpayers, to develop or expand their services in communities throughout California. Without such a guarantee, many of these facilities simply could not arrange the financing required to serve their communities.

Under the administration of HCAI, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to health care. HCAI can insure loans to nonprofit public benefit corporations or public entities (cities, counties, hospital districts, or joint power authorities) in which the State of California guarantees the payments of principal and interest on the loans. The loan insurance allows borrowers access to lower interest rates.

Health and Safety Code, Section 129200 established the HFCLIF, which is used as a depository of fees and insurance premiums. Pursuant to Health and Safety Code, Section 129215, the HFCLIF is a trust fund to be used to pay administrative costs of the Program and claims resulting from defaults from insured borrowers.

As previously noted, Section 129330 of the Health and Safety Code requires that Cal-Mortgage obtain, in each even-numbered year, an actuarial study to determine the reserve sufficiency of funds. The purpose of the study is to examine the portfolio of existing insured loans and provide an estimate of reserve funds necessary to respond adequately to potential foreseeable risks, including extraordinary administrative expenses and actual defaults.

### Premiums and Fees

The sources of revenue for the Program are premiums and fees used to pay all default and administrative expenses.

For loans closed prior to January 1, 2001, Health and Safety Code, Section 129040, provided that “The annual [insurance] premium charge shall not be more than an amount equivalent to one-half of 1%, or 0.5%, per annum of the average amount of the principal obligation of the loan during the year in which the charge is made, without taking into account delinquent payments.”

For loans closed on or after January 1, 2001, Health and Safety Code, Section 129040 provides, “[HCAI] shall establish a premium charge for the insurance of loans under this chapter, and the charge shall be deposited in the fund. A one-time nonrefundable premium charge shall be paid at the time the loan is insured. The premium rate may vary based upon the assessed level of relative financial risk determined pursuant to Section 129051 but shall in no event be greater than 3.0%. The amount of the premium shall be computed on the basis of the application of the rate to the total amount of principal and interest payable over the term of the loan.”

In addition to premiums, the Program is financed by an application fee of 0.5% of the loan applied for, but not to exceed \$500 (Health and Safety Code, Section 129090) and a certification and inspection fee not in excess of 0.4% of the loan that is insured (Health and Safety Code, Section 129035).

## Financial Status of the Program

As of June 30, 2022, HCAI insured 63 projects with an original amount insured totaling \$2.056 billion. Pursuant to Health and Safety Code, Section 129210, the total amount of insured loans may not exceed \$3 billion.

Most insured loans have a debt service reserve fund of one year's debt service under the control of a trustee and the Program. It is our understanding that for new borrowers, as of 2016, Cal-Mortgage began accepting half a year's debt service reserve in some cases and no debt service reserve in the case of investment grade borrowers. If a borrower fails to make all its payments and its debt service reserve account is depleted, HCAI is required to pay the annual debt service shortfall from the HFCLIF.

- The HFCLIF is held and invested by the State Treasurer; HFCLIF's cash balance as of June 30, 2022 was \$145,943,846.
- The HFCLIF annual net income (insurance premiums plus recoveries from previously defaulted projects, less default expenses and administrative expenses) for 2020/21 was -\$10,257,986 and for 2021/22 was -\$7,623,473.<sup>1</sup> Oliver Wyman observed that the 2020/21 and 2021/22 HFCLIF annual net income decreased significantly from the 2019/20 net income of \$7,096,143. The decreases were primarily driven by increases in default payments and liability expenses that resulted from the change in reporting basis. In fiscal years prior to 6/30/2020, default payments were reported on an accrual basis, but in fiscal year 2020/21 and subsequent, HCAI changed the reporting to a cash flow basis.
- The recoveries from previously defaulted projects that are deposited in the HFCLIF are generated from enforcement by HCAI of security interests in the real and personal property of borrowers evidenced by deeds of trust, fixture filings, UCC-1s, and Deposit Account Control Agreements.

If there are inadequate reserves in the HFCLIF, the State Treasurer is required to exchange the bonds for debentures of the State, which will be fully and unconditionally guaranteed by the State. If debentures are issued, the HFCLIF is required to repay the debentures.

The current Standard & Poor's (S&P) credit rating of the Program, which is derived from the State's rating, was raised from A+ to AA- in July 2015. S&P cited the enactment of California's 2015-2016 budget, marking an improved fiscal sustainability.

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<sup>1</sup> These figures are internally prepared, non-SCO-adjusted, non-GAAP figures

### 3. DATA

For this study, Oliver Wyman relied upon the following information, provided by Cal-Mortgage:

- State Plan – California Health Facility Construction Loan Insurance Program
- Problem Project Reports – June 2022
- Monthly Activity Report – June 30, 2022
- Detailed list of each active Cal-Mortgage loan with the following information: loan ID, name of facility, type of facility, issue date, term of loan, type of premium payment, original insured amount, status of loan (paid off, refinance, default, etc.), interest rate, outstanding balance, and internal risk rating as of June 30, 2022
- Credit rating information
- Historical defaulted loan information: loan ID, default date, outstanding balance at the time of default, estimated future payment or recovery as of June 30, 2022
- Projected payments from the HFCLIF on currently defaulted projects or projects anticipated to default
- Information on resolved loans and expectations of future reimbursements to the HFCLIF
- Historical investment earnings of the HFCLIF
- Up-front premium for loans issued since the last report as well as premium receipts by month for all annual-premium loans
- Information on historical and expected administrative expenses, application income, and certification and inspection fees
- Financial statements for each insured for two fiscal years ending during calendar years 2020 and 2021

Oliver Wyman also relied on industry data as follows:

- Healthcare industry debt service ratios in 2022 from CSIMarket.com
- Countrywide information regarding defaulted bonds for nursing homes and hospitals prepared by Income Securities Investors, LLC
- Countrywide information regarding bond issues for nursing homes and hospitals prepared by Alacra, Inc. for the period 1981 to 2004 and Refinitiv US, LLC. for 2005 and subsequent years

## 4. RESULTS AND METHODOLOGY

### Section I – Reserve Sufficiency of HFCLIF

Cal-Mortgage’s sources of funds available to pay claims include the sale of assets over which Cal-Mortgage holds a security interest and the HFCLIF cash balance. The HFCLIF cash balance of \$145.94 million as of June 30, 2022 was analyzed against the California Department of Insurance reserve and capital requirements standard.

California Insurance Code, Sections 12100 through 12122, outline the statutory requirements for private financial guaranty insurers licensed in California. Although Cal-Mortgage is not subject to these requirements, Oliver Wyman has estimated the required reserve and capital funds that Cal-Mortgage would need based on the statutory requirements.

The statutory insurance laws of the State of California discuss the following requirements:

- Minimum Capital and Surplus
- Loss Reserves:
  - Case Reserves
  - Pipeline Incurred But Not Reported (IBNR) Reserves
  - Future Recoveries
- Contingency Reserves
- Unearned Premium Reserves

Requirements are individually discussed in the sections that follow.

#### Minimum Capital and Surplus Requirement

The California Insurance Code specifying minimal capital and surplus levels is contained in Section 12107. If Cal-Mortgage were subject to the provisions of Section 12107, it would be required to maintain minimum capital and surplus of \$75 million consisting of the following: 1) \$15 million for minimum paid-in capital and 2) \$60 million additional minimum surplus.

#### Loss Reserves: Case Reserves, Pipeline IBNR Reserves and Future Recoveries

Section 12109 of the California Insurance Code specifies the requirements for loss reserves, including case reserves, IBNR reserves, and future recoveries as follows:

- Case Reserves – *The case basis method or other method as may be prescribed by the commissioner shall be used to determine loss reserves, which shall include a reserve for claims reported and unpaid net of collateral. A deduction from loss reserves shall be allowed for the time value of money by application of a discount rate.*

Discounted case reserves on defaulted loans as provided by Cal-Mortgage and utilized in this analysis total \$28.88 million as shown in Section I, Exhibit 2. Additionally, Section I, Exhibit 3 displays the projected loss payments by fiscal year for the same currently defaulted projects. The case reserves are based on the California Nevada Methodist Homes loan. Note that case reserves were calculated as 100% of the expected principal and interest payments on California Nevada Methodist Homes' payments scheduled to be made by Cal-Mortgage, discounted.

- *IBNR Reserves – A reserve component for incurred but not reported claims shall be reasonably estimated if deemed necessary by the financial guaranty insurance corporation, or following an examination or actuarial analysis, by the commissioner.*

If Cal-Mortgage were subject to the above statutory requirement, Oliver Wyman believes that pure IBNR reserves would be at Cal-Mortgage's discretion. As such, Oliver Wyman has included scenarios both with and without a provision for "pipeline IBNR reserves" in the analysis. Oliver Wyman is using the term "pipeline IBNR reserves" to refer to reserves for projects which may default in fiscal year 2022/23. Based on the Problem Projects Report as of October 2022, Cal-Mortgage currently does not have any pipeline default accounts. Based on further discussions with Cal-Mortgage, Oliver Wyman has set the pipeline IBNR reserve to be \$0 as of June 30, 2022, as summarized in Section I, Exhibit 1. Additionally, the "contingency reserves" discussed below and included in the estimated reserve amounts may be considered like an additional IBNR provision for defaults or potential defaults which have not yet been reported.

- *Future Recoveries – No deduction shall be made for anticipated salvage in computing case basis loss reserves, unless that salvage is held by or under the control of the financial guaranty insurance corporation and would qualify as an admitted asset, or unless that salvage constitutes or is secured by a clean, irrevocable letter of credit.*

In addition to the currently defaulted or pipeline default projects previously mentioned, there are several previously defaulted projects that have been resolved. Based on information provided by Cal-Mortgage, Oliver Wyman has estimated the present value of recoveries from these resolved projects to be \$17.10 million. Section I, Exhibits 4 and 5 show the detailed calculation of the recoveries.

## Contingency Reserves

Based on Section 12108 of the California Insurance Code, Oliver Wyman has calculated a fully funded contingency reserve provision for Cal-Mortgage of approximately \$12.39 million. Section I, Exhibit 6 shows the detailed calculation of contingency reserves.

Since Cal-Mortgage does not earn premium on a statutory basis, Oliver Wyman has calculated the contingency reserves based on insured loan principal outstanding. Also, Oliver Wyman has applied the provisions of Section 12108 as they pertain to municipal obligation bonds because Oliver Wyman believes that municipal bonds best correlate with the type of bond insured by Cal-Mortgage.

## Unearned Premium Reserves

The California Insurance Code specifying the unearned premium reserve requirement is contained in Section 12110. Oliver Wyman calculated unearned premium reserves based on the sum of:

- Pro-rating written premium on a monthly basis for annual premium; and
- Amortization of written premium based on outstanding loan balance for one-time nonrefundable premium.

The resulting unearned premium reserve provision is approximately \$57.78 million as calculated in Section I, Exhibits 7 and 8.

## Total Funds Required

Oliver Wyman based its calculation of the total funds required as of June 30, 2022 on California Insurance Code requirements. Estimates are provided with and without pipeline IBNR reserve. Section I, Exhibit 1, and Table 1 below summarize the total funds required with and without pipeline IBNR reserves.

**Table 1**

<b>Cal-Mortgage Statutory Requirements</b>				
<b>Item</b>	<b>2020 Study</b>		<b>2022 Study</b>	
	<b>Without Pipeline IBNR Reserve</b>	<b>With Pipeline IBNR Reserve</b>	<b>Without Pipeline IBNR Reserve</b>	<b>With Pipeline IBNR Reserve</b>
Capital and Surplus	75,000,000	75,000,000	75,000,000	75,000,000
Case Reserve (Current Default)	21,246,019	21,246,019	28,882,132	28,882,132
Pipeline IBNR Reserve	N/A	16,434,632	N/A	-
Recoveries	(14,428,009)	(14,428,009)	(17,100,322)	(17,100,322)
Contingency Reserve	14,242,542	14,242,542	12,385,441	12,385,441
Unearned Premium Reserve	66,604,986	66,604,986	57,775,037	57,775,037
<b>Total</b>	<b>162,665,538</b>	<b>179,100,170</b>	<b>156,942,288</b>	<b>156,942,288</b>
HFCLIF Balance	163,825,305	163,825,305	145,943,846	145,943,846
<b>Reserve Shortfall</b>	<b>(1,159,767)</b>	<b>15,274,865</b>	<b>10,998,442</b>	<b>10,998,442</b>

As of June 30, 2022, the actual HFCLIF balance is \$145.94 million. Thus, under the California Insurance Code, there is a \$11.00 million shortfall with and without considering pipeline IBNR reserves. It is at Cal-Mortgage's discretion to include such reserves.

## Comparison to Prior Reserves

Total required reserves as of June 30, 2022 decreased by approximately \$22.16 million with pipeline IBNR reserves since the prior evaluation as of June 30, 2020. The reconciliation of prior to current loss reserve requirements is detailed in the following table.

Table 2

Cal-Mortgage Statutory Requirements Comparison (in millions)			
Item	2020	2022	Change
	Study	Study	
Capital and Surplus	75.00	75.00	0.00
Case Reserve (net of recoveries)	6.82	11.78	4.96
Pipeline IBNR Reserve	16.43	-	(16.43)
Contingency Reserve	14.24	12.39	(1.86)
Unearned Premium Reserve	66.60	57.78	(8.83)
<b>Total</b>	<b>179.10</b>	<b>156.94</b>	<b>(22.16)</b>
HFCLIF Balance	163.83	145.94	(17.88)
<b>Reserve Shortfall</b>	<b>15.27</b>	<b>11.00</b>	<b>(4.28)</b>

This decrease is predominantly driven by the decreases of \$16.43 million and \$8.83 million in pipeline IBNR reserves and unearned premium reserves, respectively. The decrease in pipeline IBNR reserves is mostly due to California Nevada Methodist Homes, a prior pipeline default account, defaulting in 2022, which has shifted a major portion of the 2020 pipeline IBNR reserves to the 2022 net case reserves. On the other hand, the decrease in unearned premium reserves is mainly caused by lower new loan volumes in 2021 and 2022, which led to lower amounts of one-time nonrefundable premiums and unearned premium reserves. Partially offsetting the decreases noted above, the net case reserves increased by \$4.96 million driven by the California Nevada Methodist Homes default.

## Section II – Debt Service Coverage Ratios

Oliver Wyman conducted an analysis of the debt service coverage ratios of borrowers insured under the Cal-Mortgage Program to measure a borrower's ability to meet its debt service obligations. Oliver Wyman calculated the following two debt service ratios for calendar years 2015 through 2021 based on financial statements of active insured borrowers provided by Cal-Mortgage:

- Debt Service Coverage Ratio
- Total Income Debt Service Ratio

These ratios are defined as follows:

**Debt Service Coverage Ratio =**

$$\frac{\text{Net Income} + \text{Interest Expense} + \text{Depreciation} + \text{Amortization}}{\text{Interest Paid} + \text{Current Portion of Long Term Debt} + \text{Capital Leases} + \text{Sinking Fund Payments}}$$

The debt service coverage ratio measures the ability of a borrower to meet its debt service obligations from funds generated by its revenue net of expenses incurred during a year. Since depreciation and amortization are non-cash expenses, they do not affect the cash flow available for debt service. Thus, they are excluded from total expenses.

**Total Income Debt Service Ratio =**

$$\frac{\text{Net Income} + \text{Interest Expense}}{\text{Interest Paid} + \text{Current Portion of Long Term Debt} + \text{Capital Leases} + \text{Sinking Fund Payments}}$$

The total income debt service ratio, based on more stringent criteria than the cash flow ratio, measures the ability of a borrower to meet its debt service obligations from funds generated by its net income.

In summary, the cash flow ratio measures the short-term financial viability of a borrower relative to its debt service since it ignores the cost of capitalized equipment that will eventually require replacement. In contrast, the total income ratio measures the long-term financial viability of a borrower relative to its debt service because it takes into account depreciation and amortization. In other words, the total income ratio includes a provision for the cost of capitalized equipment that will eventually need to be replaced.

A debt service ratio of 1.00 indicates that all funds available after netting expenses against revenue from the current year's operations must be used to service debt. If a borrower has a debt service ratio of less than 1.00, the borrower has not demonstrated the ability to meet its debt service obligations from the current year's operations. A debt service ratio of 1.20 or greater provides some assurance that a borrower can continue to meet its debt service under current conditions.

Section II, Exhibit 1, Page 2, summarizes the average debt service ratios for the Cal-Mortgage insured borrowers. In order to better understand the borrower's ability to cover debt service, three different types of ratio averages were calculated by facility type: weighted average, arithmetic average, and median. The weighted ratio is calculated by giving weight to individual ratios in proportion to the size of each facility's component based on original loan balance. The arithmetic average ratio is calculated by adding the borrowers within a facility type and dividing by the number of borrowers regardless of loan size. The median ranks the ratios from smallest to largest and takes the mid-point. In other words, half of the borrowers' ratios are greater than the median and half are less than the median, regardless of loan size or number of borrowers.

Section II, Exhibit 1, Pages 3 and 4, display a comparison of the debt service ratios of borrowers insured by Cal-Mortgage for calendar years 2015 through 2021 by facility type. The percentage of in-force loans (based on original loan balance for each loan) is segmented by the following debt service ratios:

- Less than 1.00
- Between 1.00 and 1.19
- Greater than or equal to 1.20

Section II, Exhibits 2 and 3, graphically depict the summary of debt service ratios by facility type. For each exhibit, a comparison by year of the debt service ratio grouping is shown for each of the following segments:

- Page 1 - Total of All Projects
- Page 2 - Hospitals
- Page 3 – Multi-level Facilities

- Page 4 - Clinics
- Page 5 - Skilled Nursing Facilities (SNFs)
- Page 6 - Other Facilities

Other Facilities include Group Homes, Hospices, Intermediate Care Facilities, Adult Care Centers, and Chemical Dependency Recovery Facilities.

## Ability to Cover Debt Service

In reviewing the distribution of active loan amounts by facility type (Section II, Exhibit 1, Page 1), Oliver Wyman observes that the distribution of original insured amount and principal balance by type of facility has remained relatively steady since the prior report. The most notable change by distribution of principal balance is a 2% increase in Skilled Nursing Facilities, which is driven by the new additional loan for Jewish Home of San Francisco insured on 11/17/2021.

For all types of facilities in total, the weighted average, arithmetic average, and median debt service coverage ratios increased slightly in 2021 and 2020 in comparison with historical years. Most facilities, except Multi-level Facilities, showed a favorable trend in debt service coverage ratios in recent years. The debt service coverage ratio for Multi-level Facilities increased slightly between 2018 and 2020 but then returned to a more typical level in 2021.

The percentages of borrowers with debt service coverage ratios above 1.2 in 2021 and 2020 were in line with recent prior years (Section II, Exhibit 1, Pages 3 and 4). The percentages of borrowers with income debt service ratios above 1.2 in 2021 and 2020 increased slightly with what has been seen in the past. In total, 54% of facilities had an income debt service ratio above 1.20 in 2021 and 51% in 2020, compared with 42% in 2019 and 46% in 2018.

The debt service coverage ratios for Cal-Mortgage's borrowers in 2022 were not available for this study. Given the ongoing financial stress caused by the overall economic uncertainty post-COVID-19 pandemic across many industries, Oliver Wyman reviewed the 2022 healthcare industry ratios from CSIMarket.com to evaluate the industry experience. From the table below, Oliver Wyman observed that the healthcare industry debt service coverage ratios in 2022 increased by over 50% for all quarters since 2020, with an average of 4.57 in 2022 compared to an average of 2.83 in 2020. This favorable trend indicated that the financial viability for the healthcare industry has improved significantly since the pandemic, even to the point of exceeding the pre-COVID-19 level.

Healthcare Industry Debt Service Coverage Ratio	
2022Q1	5.27
2022Q2	4.92
2022Q3	3.71
2022Q4	4.39
<b>Average</b>	<b>4.57</b>

## Section III – Cash Flow Projections

In order to evaluate the financial strength of the HFCLIF, Oliver Wyman conducted a cash flow projection analysis, which estimates cash in-flows, out-flows, and year-end balances over the next 30 years. Section III, Exhibit 1, Pages 1 and 2 display Oliver Wyman’s cash flow projections with future insured loans (Expected Baseline Scenario) and without future insured loans (Run-off Baseline Scenario).

Oliver Wyman’s cash flow projections under the Expected Baseline Scenario indicate a positive expected fund balance through fiscal year 2051/52, with an expected ending balance of \$135.22 million. This represents an increase in ending balance as compared to the 2020 study, which projected a balance of \$111.34 million through fiscal year 2049/50; note that the projected ending cash balance at the same point in time (namely as of the end of the 2049/50 fiscal year) projected in this analysis is \$147.81 million. Table 3 provides a comparison of assumptions between the 2020 and 2022 reports. Additionally, the following contribute to the change:

- \$17.88 million decrease in the starting cash balance at June 30, 2022 versus at June 30, 2020
- \$10 thousand decreases in expected premium income from annual premium loans (due to these types of loans running off)
- \$125.22 million decrease in expected premium income from up-front premium loans
- \$6.64 million increase in expected payments on current defaults over the next 30 years
- \$86.37 million decrease in expected payments on future defaults including pipeline IBNR over the next 30 years
- \$6.17 million increase in expected cash in-flows from resolved loans over the next 30 years
- The impact on investment income due to the cumulative effect of above items
- The projected investment yield curve increased significantly for the next 30 years, with the average yield increasing from 2.35% in the 2020 study to 4.52% in the current study (assuming all funds remain in the state’s Pooled Money Investment Account, or PMIA). The updated yield curve results in \$85.83 million more in investment income over the forecast period, versus the investment income which would be indicated by applying the yield curve assumed in the 2020 study to the cash flows in the 2022 study. As of the current study, Oliver Wyman utilized an updated method for projecting future PMIA investment yields. A deterministic forecast of 6-month US Treasury yields was set based on forward rates implied by the US Treasury yield curve. The implied forward rates were derived using a technique called ‘bootstrapping’. Oliver Wyman believes this approach more accurately reflects expectations of future economic conditions.

**Table 3**  
**Cal-Mortgage Cash Flow Analysis Change in Assumptions**

Item	2020 Study	2022 Study
Average Investment Yield	2.35%	4.52%
Premium Rate	2.66%	2.66%
Certification and Inspection Fee as % of Loan Principal	0.40%	0.40%
Projected Default Rate	6.30%	6.86%
Estimated Claim Severity	64.50%	64.50%
Estimated Payment Pattern (Paid Within)	10 years	10 years
Administrative Expenses	4,535,000	4,716,000
Trend in Administrative Expenses	3.40%	3.40%

Although the study indicates that the expected fund balance will not be depleted until sometime after 2051/52, the expected net cash flow is negative in quite a few of the next 30 years. Please refer to Section III, Exhibit 1, Page 1 for more detail.

Where Cal-Mortgage's own historical data was either (i) not available, (ii) not appropriate or (iii) not sufficiently credible to develop our actuarial assumptions, we supplemented it with industry data, as we deemed appropriate. Although we believe this industry data may be more predictive of future Cal-Mortgage experience than any other external data of which we are aware, the use of industry data adds to the uncertainty associated with our projections.

To measure the sensitivity associated with changes in the selected default rates, two adverse scenarios were developed (Section III, Exhibit 1, Pages 3 and 4), increasing the default rates in the Baseline Scenario by 150 and 300 basis points respectively (Adverse Scenarios). Please note that the degree of uncertainty in the projections becomes increasingly more significant in the later projection years, particularly after 15 years. Further, additional adverse scenarios which stress the investment yield assumption may be useful.

Table 4 below, summarizes the HFCLIF's expected financial position under each of the modeled scenarios:

<b>Table 4</b>		
Scenario	Description	Positive Balance Until
<b>Expected</b>	<b>New Loans Insured - Baseline Scenario</b>	<b>at least 2051/52</b>
Run-Off	No New Loans Insured - Baseline Scenario	at least 2051/52
Adverse	New Loans Insured - 150 Basis Point Increase (Scenario 1)	at least 2051/52
Adverse	New Loans Insured - 300 Basis Point Increase (Scenario 2)	2048/49

During the course of Oliver Wyman's analysis, the following assumptions were examined:

- Projected default rate
- Claim severity
- Payment pattern
- Termination rate
- Premium income
- Certification and Inspection fee income
- Administrative expenses
- Investment income

## Projected Default Rate

The first step in Oliver Wyman's analysis is to project ultimate default rates for historical periods 1989 to 2021. The ultimate default rate is calculated as the percentage of original loan balance dollars (OLB) resulting in default. Specifically, the ultimate default rate is equal to the OLB of all defaulting loans divided by the OLB of all loans for that specific issue year.

Oliver Wyman has applied two actuarial methodologies: the loss development method and the Bornhuetter-Ferguson method. Both methods rely primarily on industry default experience due to Cal-Mortgage's limited experience. The industry data consists of OLB by issue year along with default information provided by Alacra, Inc., Refinitiv US, LLC., and Income Securities Investors, LLC.

Under the loss development method, a loss reporting pattern is applied directly to the latest reported losses to project ultimate losses. Under the Bornhuetter-Ferguson method (B-F method), the loss reporting pattern selected in the loss development method is used to estimate the percentage of ultimate losses which are unreported as of the evaluation date. This percentage is then multiplied by expected ultimate losses to produce expected unreported losses. An advantage of the B-F method is that estimates of ultimate losses tend to be more stable than estimates produced by the loss development method. This is because estimates based on the B-F method are a weighted average of estimates based on the loss development method and expected estimates of ultimate losses.

With the historical default rates developed to the ultimate values, Oliver Wyman has selected to build an econometric model to forecast future default rates. Considering market volatility and financial viability for the healthcare industry, an econometric model provides more scientific evidence and statistical support for the default rate projections for the next 30 years, while better reflecting Cal-Mortgage's historical favorable experience for loan defaults.

The following table summarizes the selected default rate by issue year (since 1989):

<b>Issue Year</b>	<b>Selected Hospital</b>	<b>Selected Nursing Home</b>	<b>Selected Combined</b>	<b>Prior Combined</b>
1989 to 2008	1.05%	7.00%	3.16%	3.97%
2009 to 2021	1.05%	20.00%	8.69%	8.82%
2022 and onwards	Varies	Varies	Varies; long-term average of 6.86%	6.30%

For prior issue years, an initial ultimate default rate is calculated for Cal-Mortgage based on two segments of historical experience. For the first segment, based on countrywide hospitals experience (Section III, Exhibit 2, Page 3), we selected a 1.05% initial default rate assumption for each issue year. For the second segment, based on countrywide nursing home experience (Section III, Exhibit 2, Page 6), we selected 32.5% initial default rate assumption for issue years 1981 to 1987, 7.0% for 1988 to 2008, and 20.0% for 2009 to 2021. The reason we selected different default rates for these three time periods is to reflect the observed default experience in the industry data which was materially higher in recent periods than in prior periods.

For issue years 2022 and onwards, Oliver Wyman built an econometric model using time series analysis to forecast the future default rates for hospitals and nursing homes separately for the next 30 years. The combined default rate is then calculated as a weighted average of the default rates for hospital and nursing homes with Cal-Mortgage's current principal balances as weights.

Based on the econometric model forecast, in conjunction with the Cal-Mortgage empirical loss experience including and excluding Sherman Oaks Health System (Triad), Oliver Wyman selected a combined ultimate long-term default rate of 6.86% (Section III, Exhibit 2, Page 1). The selected ultimate default rates for hospitals and nursing homes from the prior actuarial study were 0.94% and 11.00%, respectively; and the prior combined selected ultimate default rate was 6.30%.

Nursing homes have been experiencing higher than normal default experience since 2009. As a result, we have selected higher default rates for issue years 2009 to 2021. In the prior study, the cashflow projection model assumed that the current default rate would revert toward the long-term average over a five-year time horizon. The econometric model for default rate has predicted similar results where the combined default rate will approach and slowly revert back to the long-term average by 2032.

With respect to the analysis of the projected default rates, it was necessary to split Cal-Mortgage insureds into two categories – "Hospitals" and "Nursing Homes" – corresponding with the countrywide industry default data which was available for hospitals and nursing homes. For purposes of this categorization, Hospitals include the following Cal-Mortgage facility types: ADC-DD, ADHC, BB, CDC: DD, CDRF, CLINIC: MULTI, CLINIC-AIDS, CLINIC-MH, CLINIC-PC, HOSP, HOSP-DIST, and HOSP-PSYCH. Additionally, the Nursing Homes category includes the following Cal-Mortgage facility types: GH-DD, GH-DD/MD, GH-MD, HOSPICE, ICF-DD, MULTI-CCRC, MULTI-OTH, and SNF (see Legend, Section 9).

## Claim Severity

In the event of a default on a mortgage bond obligation, Cal-Mortgage is required to pay timely interest and principal. That is, Cal-Mortgage is required to pay interest and amortized payments on the defaulted

bonds as they come due. Depending on the circumstances, Cal-Mortgage may sell the facility to recover its losses and pay off the debt early.

Oliver Wyman has estimated claim severity on the default loan as the net loss payments to be a percentage of OLB for all loans resulting in default. Net loss payments represent the amount of loss dollars paid by Cal-Mortgage to extinguish the OLB on a defaulted loan and any other expenses associated with the claim such as realtor's fees.

Oliver Wyman selected a claim severity of 64.5% for Cal-Mortgage as shown in Section III, Exhibit 3, Page 1, which is unchanged from the selected severity in the prior analysis. The selected severity is consistent with industry experience (based on Income Securities Investors, LLC. data) as well as Cal-Mortgage's actual default experience with and without Sherman Oaks Health System (Triad).

## Payment Pattern

Oliver Wyman also projected the timing of loss payments after loan defaults. Oliver Wyman selected a thirteen-year payout pattern from the year of default. Section III, Exhibit 4, Page 1 shows the selected payment pattern based on industry countrywide experience indicated from the Income Securities Investors, LLC. data (Section III, Exhibit 4, Page 2).

## Termination Rate

Consideration is given to the possibility that some older loans with an annual premium will be terminated earlier than expected, and not renewed in the Program. In such cases, the HFCLIF will neither make payments on these loans after termination, nor will the HFCLIF receive premium income on these loans after termination. The selected termination rate including refinanced loans is 7.5% for 2022/23 and thereafter, as shown in Section III, Exhibit 5. As noted in the prior report, the decrease in selected rate from 9.0% for 2016/17 and 2017/18 is based on the observation that termination rates had been somewhat higher in those years, but now drop back to a rate reflecting the longer-term averages.

The termination rate assumption is not as influential on cash flow projections for future insured business since Cal-Mortgage adopted a one-time nonrefundable premium plan as of January 1, 2001.

## Premium Income

The premium for Cal-Mortgage insured loans is set pursuant to statute (Health & Safety Code, Section 129040) and regulation (22 California Code of Regulations, Section 91477). Prior to January 2001, a premium was charged annually on the declining principal balance of the loan; after January 1, 2001, a wholly earned premium based on total debt service over the life of the loan is charged at closing. Therefore, premium income is calculated each calendar year as the sum of the premiums written on loans in-force as of January 1, 2001, and the premiums written on future loans.

The premiums written on loans in-force issued before January 1, 2001 are calculated as the average of the prior year's outstanding loan balance on in-force loans and the current year's outstanding loan balance on in-force loans multiplied by 50 basis points, or 0.5%.

Premiums for insured loans issued subsequent to January 1, 2001 are charged as a one-time premium at the beginning of the loan term, based on a percentage of total debt service. Total debt service is calculated

as the nominal sum of expected interest payments to fully service the loan plus the original principal amount. The volume of new insured loans by issue year (Section III, Exhibit 1, Page 1) is based on information and estimates provided by Cal-Mortgage.

The standard premium rate is 300 basis points, or 3.00%, times total debt service. However, borrowers with a rating of CCC or higher from S&P, Moody's, or Fitch may receive a discounted premium.

The selected premium rate Oliver Wyman used for future business is a weighted average of two different premium rates based on BBB loans (for investment grade) and below investment grade loans (Section III, Exhibit 6). Below investment grade loans receive a 300-basis point premium rate. The discounted premium rate for investment grade BBB loans is 185 basis points. Investment grade loans are expected to comprise 30% of the total future portfolio while non-investment grade loans are expected to comprise the remaining 70%. The resulting weighted average premium rate is 266 basis points. It is applied to the total debt service of future loans to calculate the effective premium rate as a percentage of principal amount for new insured loans.

## **Certification and Inspection Fee Income**

In addition to the premium, a Certification and Inspection fee (C&I fee) is charged on the total proceeds of new loans to cover the Program's expenses for inspections of project construction.

The C&I fee is calculated as 0.4% of the principal amount of the loan for new projects, excepting loans refinanced within the Cal-Mortgage Program.

## **Administrative Expenses**

Cal-Mortgage supplied Oliver Wyman with projected fiscal year 2022/23 administrative expenses of \$4.72 million, and an assumed increase in expenses of 3.4% annually thereafter.

## **Investment Income**

Investment income for each fiscal year is calculated based on the product of an average of the prior fiscal year-end and the current fiscal year-end fund balances and an annual yield. For cash flow projections, investment income is calculated based on variable estimated investment yields that, over the next 30 years, averaging 4.52%. Oliver Wyman's approach to modeling future investment yields is discussed above.

## **Section IV – Risk to State's General Fund**

In order to evaluate the risk to the State's General Fund of the Cal-Mortgage Program, Oliver Wyman developed a stochastic simulation model to measure the volatility of cash flow by varying the projected parameters of the cash-flow model. In addition, Oliver Wyman included a scenario analysis for the possibility of catastrophic loss. The size of a catastrophic loss is selected based on the ten largest borrowers' original insured amount, or \$127 million.

The tables below summarize the results of the simulation model. Table 5 displays the year that the fund balance is expected to be depleted in each scenario. Table 6 shows the expected ending fund balance as of fiscal year 2051/52.

**Table 5**

<b>Cal-Mortgage Year of Fund Balance Depletion<sup>1</sup></b>				
<b>Confidence Level</b>	<b>Probability of Catastrophic Scenario</b>			
	<b>0%</b>	<b>1%</b>	<b>5%</b>	<b>10%</b>
<b>Expected</b>	<b>at least 2051/52</b>	<b>at least 2051/52</b>	<b>2042/43</b>	<b>2033/34</b>
70%	at least 2051/52	at least 2051/52	2037/38	2031/32
80%	at least 2051/52	at least 2051/52	2034/35	2029/30
90%	at least 2051/52	2043/44	2030/31	2027/28

<sup>1</sup> The fund balance becomes negative by the end of the indicated fiscal year

**Table 6**

<b>Cal-Mortgage Fiscal Year 2051/52 Ending Fund Balance</b>				
<b>Confidence Level</b>	<b>Probability of Catastrophic Scenario</b>			
	<b>0%</b>	<b>1%</b>	<b>5%</b>	<b>10%</b>
<b>Expected</b>	<b>132,686,985</b>	<b>74,046,050</b>	<b>(160,846,964)</b>	<b>(454,307,732)</b>
70%	118,733,752	89,588,370	(263,568,629)	(612,012,565)
80%	110,077,728	1,343,616	(361,424,334)	(738,928,968)
90%	98,205,128	(107,580,433)	(511,538,278)	(918,827,150)

For each catastrophic scenario, the mean year-end fund balance is forecasted for fiscal years 2022/23 through 2051/52 (Section IV, Exhibit 1). The greater the probability of a catastrophic default, the faster the fund balance is depleted.

To further analyze the risk, Oliver Wyman examined the year-end fund balance at various probability levels. Probability levels are a means to show the risk of results varying from expected. Section IV, Exhibits 2, 3, 4, and 5 correspond to catastrophic probability scenarios of 0%, 1%, 5%, and 10%, respectively. The fund balance projections at various confidence levels are displayed.

For example, in the most pessimistic scenario in which a 10% probability of catastrophic loss is used (Section IV, Exhibit 5, Page 1), there is a 30.0% chance (represented by the 70.0% confidence level) that the Fund will be depleted by the end of fiscal year 2031/32. Also, there is a 10.0% chance (represented by the 90.0% confidence level) that the Fund balance will be depleted by fiscal year-end 2027/28. Oliver Wyman cautions that confidence level estimates should be used as a guide in determining funding levels and not as a rigorous statistical measure of variability. In addition, please note that the lack of diversification in the pool of defaults may lead to high correlation of results, subjected to market risk, which is not reflected in the scenario analysis. Further, the concentration risk may pose a significant risk to the solvency of the Fund Balance.

Please note that the simulation model illustrates the projected impact of actual results varying from projected results due to variability inherent in the claims process. This variability is referred to as process risk. Oliver Wyman's simulation does not reflect the variation of actual results from projections due to parameter risk. Parameter risk refers to the risk associated with the selection of the parameters underlying the applicable projection model. The methodology also does not consider "model risk," or the risk that the techniques used by Oliver Wyman may not be appropriate.

Following is a discussion of the assumptions used in the stochastic simulation model:

## Ultimate Default Rate

A truncated lognormal distribution is used to model the ultimate default rate. The expected value of the lognormal distribution is equal to Oliver Wyman’s selected ultimate default rate for each issue year. As stated earlier, the following table summarizes the selected default rate by issue year (since 1989):

Issue Year	Selected Hospital	Selected Nursing Home	Selected Combined	Prior Combined
1989 to 2008	1.05%	7.00%	3.16%	3.97%
2009 to 2021	1.05%	20.00%	8.69%	8.82%
2022 and onwards	Varies	Varies	Varies; long-term average of 6.86%	6.30%

A coefficient of variation of 0.60 is determined based on an analysis of industry data from Income Securities Investors, LLC. (Section IV, Exhibit 6, Page 1). The lognormal distribution is truncated between 1.37% and 34.30% of the selected ultimate default rate, in order to establish reasonable bounds on the distribution, based on actuarial judgment.

## Claim Severity

The claim severity was modeled as a triangle distribution with a minimum of 30.0% of OLB of the default loan and a maximum of 100.0%. The expected value of the triangle distribution is equal to Oliver Wyman’s selected claim severity of 64.5%. The parameters are selected based on the analysis of the data from Income Securities Investors, LLC. and Cal-Mortgage’s own loss experience.

## New Insured Loans

The volume of new insured loans was modeled as a uniform distribution. It is assumed that the volume of new insured loans is evenly distributed around the expected volume of new insured loans, plus or minus \$50.0 million.

## Termination Rate

The termination rate of loans was modeled as a triangle distribution with a minimum of 0.0% and a maximum of 15.0%. The expected value of the triangle distribution is equal to Oliver Wyman’s selected termination rate of 7.5%.

## Investment Yield

The annual investment yield for each fiscal year is independently modeled as a triangle distribution with a mean equal to the selected investment yield, a lower limit decreasing the mean by 2% and an upper limit increasing the mean by 2%. The final selected investment yield is subject to a maximum yield of 8%.

## Catastrophic Loss

Four scenarios with 0%, 1%, 5%, and 10% probabilities of catastrophic default have been analyzed. Catastrophic loss is assumed to be independent for each upcoming fiscal year. These scenarios are intended to assist Cal-Mortgage in evaluating the impact of catastrophic defaults or higher defaults on public health facilities in the future due to seismic upgrade costs. Section IV, Exhibit 7 shows the ten largest borrowers based on in-force insured loans. Oliver Wyman selected a catastrophe loss level of \$127 million. The claim severity of catastrophic loss is modeled by a triangle distribution with a minimum of 50% of OLB, an expected of 75% of OLB, and a maximum of 100% of OLB.

## 5. DISTRIBUTION AND USE

**Usage and Responsibility of Client** – Oliver Wyman prepared this report for the sole use of the client named herein for the stated purpose. This report includes important considerations, assumptions, and limitations and, as a result, is intended to be read and used only as a whole. This report may not be separated into, or distributed, in parts other than by the client to whom this report was issued, as needed, in the case of distribution to such client’s directors, officers, or employees. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client named herein.

**Third Party Reliance and Due Diligence** – Oliver Wyman’s consent to any distribution of this report (whether herein or in the written agreement pursuant to which we issued this report) to parties other than of the client named herein does not constitute advice by Oliver Wyman to any such third parties. Any distribution to third parties shall be solely for informational purposes and not for purposes of reliance by any such parties. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.

## 6. CONSIDERATIONS AND LIMITATIONS

Oliver Wyman has prepared this analysis in conformity with its intended utilization by persons technically competent in the areas addressed and for the stated purposes only. Judgments as to the conclusions, indications, methods and data contained in this analysis should be made only after studying the analysis in its entirety. Furthermore, Oliver Wyman staff is available to explain any matter presented herein. It is assumed that the user of the analysis will seek such explanation as to any matter in question.

**Data Verification** – For our analysis, we relied on data and information provided by the client named herein without independent audit. Though we have reviewed the data for reasonableness and consistency, we have not audited or otherwise verified this data. Our review of data may not always reveal imperfections. We have assumed that the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information is inaccurate or incomplete, our findings and conclusions might therefore be unreliable.

**Prospective Policy / Accident Period Estimates** – We estimated the prospective period estimates developed in this analysis using estimated loss costs and the projected exposures. Prospective period loss and ALAE estimates are directly related to the projected exposures. Therefore, if actual exposures differ from the projection, we will need to adjust the prospective period estimates accordingly.

**Supplemental Data** – Where historical data of the client named herein was either (i) not available, (ii) not appropriate or (iii) not sufficiently credible to develop our actuarial assumptions, we supplemented it with external information, as we deemed appropriate. Although we believe these external sources may be more predictive of future experience of the client named herein than any other data of which we are aware, the use of external data adds to the uncertainty associated with our projections.

**Exclusion of Other Program Costs** – The scope of the project does not include the estimation of any costs other than those described herein. Such ancillary costs may include the costs of trustee, legal, administrative, risk management and actuarial services; fees and assessments; and other costs.

**Discounting** – Discounted estimates are subject to additional uncertainty that results from the following:

In addition to the risk of underestimating or overestimating the overall amount of the liabilities, there is the additional risk that the timing of the future payments will differ from the expected payout.

There is the risk the actual future yield on the underlying assets (if any) will differ from the assumed yield rate used for determining present value factors.

We have not included any specific provision for this additional risk in our actuarial central estimates.

**Investment returns** – cashflow projections in this study are highly sensitive to changes in investment yield returns.

**Funding of Claim Payments** – We have not examined any assets that may be supporting the liabilities and have made no assumptions regarding the maturities and liquidity of these assets, should they exist. This examination is beyond the scope of our review.

**Rounding and Accuracy** – Our models may retain more digits than those displayed. Also, the results of certain calculations may be presented in the exhibits with more or fewer digits than would be considered significant. As a result, there may be rounding differences between the results of calculations presented

in the exhibits and replications of those calculations based on displayed underlying amounts. Also, calculation results may not have been adjusted to reflect the precision of the calculation.

**Unanticipated Changes** – We developed our conclusions based on an analysis of the data of the client named herein and on the estimation of the outcome of many contingent events. We developed our estimates from the historical claim experience and covered exposure, with adjustments for anticipated changes. Our estimates make no provision for extraordinary future emergence of new types of losses not sufficiently represented in historical databases or which are not yet quantifiable. Also, we assumed that the client named herein will remain a going concern, and we have not anticipated any impacts of potential insolvency, bankruptcy, or any similar event.

**Internal / External Changes** – The sources of uncertainty affecting our estimates are numerous and include factors internal and external to the client named herein. Internal factors include items such as changes in claim reserving or settlement practices. The most significant external influences include, but are not limited to, changes in the legal, social, or regulatory environment surrounding the claims process. Uncontrollable factors such as general economic conditions also contribute to the variability.

**Uncertainty Inherent in Projections** – While this analysis complies with applicable Actuarial Standards of Practice, users of this analysis should recognize that our projections involve estimates of future events and are subject to economic and statistical variations from expected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect the frequency or severity of claims. For these reasons, we do not guarantee that the emergence of actual losses will correspond to the projections in this analysis.

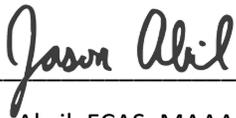
**Probability Levels** – We have calculated estimates of the statistical uncertainty associated with the process risk and parameter risk inherent in our estimates. However, unless otherwise indicated, our probability level estimates do not address model risk. To the extent that the probability estimates do not address model risk, the true variability of results is greater than the range of outcomes presented. The client named herein may wish to consider this additional uncertainty in evaluating the estimates presented in this report.

**COVID-19 Pandemic** We have included no explicit adjustments in this report for the effect of the COVID-19 pandemic on loss experience except as specifically noted in this report.

## 7. ACKNOWLEDGEMENT OF QUALIFICATIONS

I, Jason Abril, am a Senior Principal with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow of the Casualty Actuarial Society (FCAS), a member of the American Academy of Actuaries (MAAA) and I meet the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries to render the actuarial opinion contained herein.

*Oliver Wyman Actuarial Consulting, Inc.:*



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## APPENDIX A. LEGEND

ADC-DD	-	Adult Day Care: Developmentally Disabled
ADHC	-	Adult Day Health Care
BB	-	Blood Banks
CDC: DD	-	Child Day Care: Developmentally Disabled
CDRF	-	Chemical Dependency Recovery Facility
CLINIC: MULTI	-	Clinic: Multi-Specialty and Diagnostic Services
CLINIC-AIDS	-	Clinic: A.I.D.S.
CLINIC-MH	-	Clinic: Mental Health
CLINIC-PC	-	Clinic: Primary Care
GH-DD	-	Group Home: Developmentally Disabled
GH-DD/MD	-	Group Home: Developmentally Disabled and Mentally Disabled
GH-MD	-	Group Home: Mentally Disabled
HOSP	-	Hospital
HOSP-DIST	-	Hospital: District
HOSP-PSYCH	-	Hospital: Psychiatric
HOSPICE	-	Hospice
ICF-DD	-	Intermediate Care Facility: Developmentally Disabled
MULTI-CCRC	-	Multi-level Facility: Continuing Care Retirement Community
MULTI-OTH	-	Multi-level Facility: Other (Month-to-Month)
SNF	-	Skilled Nursing Facility: Stand Alone

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Summary of California Statutory Requirements  
Based on Data as of June 30, 2022**

Statutory Item	Total Reserve with Pipeline IBNR
(1) Capital and Surplus	75,000,000
(2) Case Reserve (Current Default)	28,882,132
(3) Pipeline IBNR Reserve	-
(4) Recoveries	(17,100,322)
(5) Contingency Reserve	12,385,441
(6) Unearned Premium Reserve	57,775,037
(7) Total	156,942,288

**Notes:**

- (1) *Minimum capital and surplus requirement according to California Statutory Insurance Code Section 12107*
- (2) *From Section I, Exhibit 2, Column (11); Total defaulted as of 6/30/22*
- (3) *No pipeline default after 6/30/2022*
- (4) *From Section I, Exhibit 4, Column (9)*
- (5) *From Section I, Exhibit 6, Row (3)*
- (6) *From Section I, Exhibit 7, Row (6)*
- (7) *Sum of Rows (1) through (6)*

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Summary of Defaulted Loans - Current or in Pipeline  
Case Reserves as of June 30, 2022

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Loan ID	Borrower	Dates of Default	Original Loan Balance	Loan Balance at Time of Default	Current Loan Principal Balances	Projected Principal and Interest Payment	Probability of Payment	Estimated Undiscounted Case Reserve	Discount Factor	Estimated Discounted Case Reserve
1053	California Nevada Methodist Homes	5/14/2021	36,445,000	32,594,120	28,930,000	29,653,250	100%	29,653,250	97.4%	28,882,132

Notes:

- (1) - (8) Provided by Cal-Mortgage
- (9) = (7) x (8)
- (10) from Section I, Exhibit 3
- (11) = (9) x (10)

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Projected Principal and Interest Payment for Defaulted Loans  
Nominal (Excluding Pipeline)  
Based on Data as of June 30, 2022**

(1)

Fiscal Year	California Nevada Methodist Homes
7/1/2022-6/30/2023	29,653,250
<b>(2) Expected PV(loss) after 6/30/22</b>	<b>28,882,132</b>
<b>(3) Discount Factor</b>	<b>97.40%</b>
<b>(4) Probability of Payment</b>	<b>100.00%</b>

*Notes:*

- (1) Provided by Cal-Mortgage*
- (2) Discounted total of payments, based on interest rates from Section III, Exhibit 1, Page 1, Column (14)*
- (3) = (2) / (1)*
- (4) from Section I, Exhibit 2, Column 8*

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Summary of Resolved Loans  
Based on Data as of June 30, 2022

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Loan ID	Borrower	Original Loan Balance	Date of Loan Default	Loan Balance at Time of Default	Total Net Payment From HFCLIF*	Date Resolved	Estimated Recoveries or Future Income**	Estimated Discounted Recovery
0446, 0846, 0926	Hermandad Mexicana Nacional	4,585,000	12/29/1998	4,095,000	3,937,828	9/9/2010	72,897	71,002
0973	Verdugo Mental Health	6,315,000	12/9/2010	5,220,000	3,234,400	5/13/2011	5,565,173	3,479,088
1018, 1053	California Nevada Methodist Homes	36,445,000	5/14/2021	32,594,120	4,455,181	12/7/2022	17,832,566	13,550,231
<b>TOTALS</b>		<b>47,345,000</b>			<b>11,627,409</b>		<b>23,470,636</b>	<b>17,100,322</b>

Notes:

(1) - (7) Provided by Cal-Mortgage

(8) - (9) From Section I, Exhibit 5

\* Total Payment from HFCLIF is net; includes payouts and recoveries

\*\* Recovery or future income includes principal and interest income

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Estimated Recoveries by Borrower  
Based on Data as of June 30, 2022

	(1)	(2)	(3)	(4)	(5)
Fiscal Period	Hermandad Mexicana Nacional	Verdugo Mental Health	California Nevada Methodist Homes	Total	Total, Probability Adjusted
7/1/2022-6/30/2023	72,897	252,962	2,733,682	3,059,542	3,059,542
7/1/2023-6/30/2024		252,962	998,276	1,251,238	1,251,238
7/1/2024-6/30/2025		252,962	998,276	1,251,238	1,251,238
7/1/2025-6/30/2026		252,962	998,276	1,251,238	1,251,238
7/1/2026-6/30/2027		252,962	998,276	1,251,238	1,251,238
7/1/2027-6/30/2028		252,962	998,276	1,251,238	1,251,238
7/1/2028-6/30/2029		252,962	998,276	1,251,238	1,251,238
7/1/2029-6/30/2030		252,962	998,276	1,251,238	1,251,238
7/1/2030-6/30/2031		252,962	998,276	1,251,238	1,251,238
7/1/2031-6/30/2032		252,962	998,276	1,251,238	1,251,238
7/1/2032-6/30/2033		252,962	6,114,403	6,367,365	6,367,365
7/1/2033-6/30/2034		252,962		252,962	252,962
7/1/2034-6/30/2035		252,962		252,962	252,962
7/1/2035-6/30/2036		252,962		252,962	252,962
7/1/2036-6/30/2037		252,962		252,962	252,962
7/1/2037-6/30/2038		252,962		252,962	252,962
7/1/2038-6/30/2039		252,962		252,962	252,962
7/1/2039-6/30/2040		252,962		252,962	252,962
7/1/2040-6/30/2041		252,962		252,962	252,962
7/1/2041-6/30/2042		252,962		252,962	252,962
7/1/2042-6/30/2043		252,962		252,962	252,962
7/1/2043-6/30/2044		252,962		252,962	252,962
<b>(6) Total (undiscounted)</b>	<b>72,897</b>	<b>5,565,173</b>	<b>17,832,566</b>	<b>23,470,636</b>	<b>23,470,636</b>
<b>(7) Probability of recovery</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>		
<b>(8) Probable recovery</b>	<b>72,897</b>	<b>5,565,173</b>	<b>17,832,566</b>	<b>23,470,636</b>	<b>23,470,636</b>
<b>(9) Discounted recovery</b>	<b>71,002</b>	<b>3,479,088</b>	<b>13,550,231</b>	<b>17,100,322</b>	<b>17,100,322</b>

Notes:

(1) - (3) Provided by Cal-Mortgage

(4) = (1) + (2) + (3)

(5) = (4), adjusted by probability of payment

(6) Sum of each column

(7) Provided by Cal-Mortgage

(8) = (6) x (7)

(9) Discounted total of payments, based on interest rates from Section III, Exhibit 1, Page 1, Column (14)

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Contingency Reserves Calculation  
Based on Data as of June 30, 2022**

<b>(1)</b>	Principal Outstanding	1,548,180,135
<b>(2)</b>	Contingency Factor	0.80%
<b>(3)</b>	Contingency Reserves Requirement	12,385,441

*Notes:*

*(1) Provided by Cal-Mortgage*

*(2) According to California Statutory Insurance Code Section 12108*

*(3) = (1) x (2)*

*\* Contingency reserves are 0.8% of principal outstanding on a fully funded basis according to California Insurance Code 12108*

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Unearned Premium Reserves Calculation  
Based on Data as of June 30, 2022**

	(1)	(2)	(3)
Month	Annual Premium	Unearned Premium Reserve Factor	Unearned Premium Reserves
Jul-21	0	0.0417	0
Aug-21	0	0.1250	0
Sep-21	0	0.2083	0
Oct-21	0	0.2917	0
Nov-21	713	0.3750	267
Dec-21	0	0.4583	0
Jan-22	0	0.5417	0
Feb-22	0	0.6250	0
Mar-22	0	0.7083	0
Apr-22	1,234	0.7917	977
May-22	0	0.8750	0
Jun-22	0	0.9583	0

<b>(4)</b>	Subtotal (Annual Premium)	1,244
<b>(5)</b>	Subtotal (One-time Premium)	57,773,792
<b>(6)</b>	Total Unearned Premium Reserves	57,775,037

*Notes:*

- (1) Provided by Cal-Mortgage*
- (2) Based on monthly pro-rata basis as required by California Insurance Code 12110*
- (3) = (1) x (2)*
- (4) = sum of column (3)*
- (5) = Section I, Exhibit 8, Column (9)*
- (6) = (4) + (5)*

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Unearned Premium Reserves Calculation - One-time Nonrefundable Premium\*  
Based on Data as of June 30, 2022**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Project Number	Borrower Name	Project Name	Facility Group	Date Loan Insured	Original Insured Amount	Current Principal Balance	Total Premium	Unearned Premium
0911	Los Angeles Jewish Home for the Aging	LOS ANGELES JEWISH HOME FOR THE AGING - L O C	MULTI	20-Jan-2009	4,750,000	3,647,627	57,000	0
0932	St. Rose Hospital	ST. ROSE HOSPITAL - L O C	HOSP	28-May-2009	10,000,000	-	42,175	0
0963	Community Program for Persons with Developmental Disabilities	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	OTHER	17-Feb-2011	76,970,000	27,695,000	2,319,304	834,522
0971	TLC Child & Family Services	TLC CHILD & FAMILY SERVICES	OTHER	06-Oct-2011	2,475,000	620,000	94,978	23,792
0974	Gateways Hospital & Mental Health Center	GATEWAYS HOSPITAL & MENTAL HEALTH CENTER	HOSP	01-Dec-2011	8,085,000	5,800,000	428,068	307,087
0990	Beacon House	BEACON HOUSE ASSOCIATION, THE	OTHER	20-Oct-2011	1,505,000	295,000	55,900	10,957
903A	Enloe Medical Center	ENLOE MEDICAL CENTER	HOSP	20-Aug-2009	68,915,000	11,340,000	1,935,403	318,472
1012	Institute on Aging	INSTITUTE ON AGING - L O C	MULTI	24-Mar-2014	4,000,000	2,300,000	6,750	0
0984	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP	26-Sep-2012	17,905,000	1,535,000	414,659	35,748
1001	Montecedro	MONTCECEDRO	MULTI	26-Nov-2013	140,305,000	41,935,000	5,513,337	1,647,851
0996	Northern California Retired Officer Community	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	MULTI	04-Apr-2013	32,315,000	11,845,000	806,505	295,623
0987	O'Connor Woods Housing Corporation	O'CONNOR WOODS	MULTI	12-Jun-2013	49,115,000	41,135,000	1,799,465	1,507,096
0982	Odd Fellows Home of California	ODD FELLOWS HOME OF CALIFORNIA	MULTI	25-Oct-2012	98,550,000	68,655,000	3,638,187	2,534,548
1003	Poway R H F Housing, Inc.	POWAY R H F HOUSING, INC. - THE GATEWAY	MULTI	07-Nov-2013	13,345,000	9,955,000	675,468	503,880
1011	St. John's Well Child and Family Center	ST JOHN'S WELL CHILD AND FAMILY CENTER - L O C	CLINIC	14-Jan-2014	2,000,000	-	1,792,000	0
1018	California Nevada Methodist Homes	FOREST HILL MANOR (CA NEV METHODIST HOMES)	MULTI	20-Oct-2015	32,920,000	28,930,000	1,368,150	1,202,326
1021	Enloe Medical Center	ENLOE MEDICAL CENTER	HOSP	19-Nov-2015	173,730,000	170,740,000	3,346,810	3,289,209
1016	Lincoln Glen Manor for Senior Citizens	LINCOLN GLEN MANOR	MULTI	11-Feb-2015	11,965,000	11,010,000	402,951	370,789
1017	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP	09-Apr-2015	26,895,000	23,480,000	791,050	690,606
1014	Sequoia Living, Inc.	NORTHERN CALIFORNIA PRESBYTERIAN HOMES	MULTI	15-Apr-2015	63,210,000	55,735,000	2,122,766	1,871,734
1027	Sierra View Homes Inc.	SIERRA VIEW HOMES INC.	MULTI	09-Jun-2016	12,310,000	10,410,000	342,440	289,586
1006	Solvang Lutheran Home, Inc.	SOLVANG LUTHERAN HOME, INC.	MULTI	17-Jul-2014	3,470,000	2,940,000	151,941	128,734
1025	St. Rose Hospital	ST. ROSE HOSPITAL	HOSP	25-May-2016	38,000,000	24,007,508	1,014,952	641,223
1035	Asian Community Center of Sacramento Valley	ASIAN COMMUNITY SKILLED NURSING FACILITY	MULTI	22-Nov-2016	16,080,000	13,220,000	443,678	364,765
1032	Atherton Baptist Homes	ATHERTON BAPTIST HOMES	MULTI	04-Nov-2016	31,390,000	26,855,000	1,302,380	1,114,222
1041	Channing House	CHANNING HOUSE	MULTI	18-Apr-2017	54,045,000	50,495,000	1,732,948	1,619,118
1044	Channing House	CHANNING HOUSE	MULTI	25-Oct-2017	44,120,000	44,120,000	2,735,573	2,735,573
1034	Hill Country Community Clinic	HILL COUNTRY COMMUNITY CLINIC	CLINIC	03-Nov-2016	4,055,000	3,395,000	127,486	106,736
1043	Institute on Aging	INSTITUTE ON AGING	MULTI	31-May-2017	34,355,000	32,560,000	1,276,937	1,210,219
1022	Jewish Home of San Francisco	JEWISH HOME OF SAN FRANCISCO	SNF	29-Nov-2016	135,920,000	90,520,000	6,667,494	4,440,418
1030	Mendocino Coast Health Care District Corp.	MENDOCINO COAST HOSPITAL	HOSP	29-Jul-2016	5,745,000	3,295,000	170,817	97,971
1029	Mountain Shadows Support Group	MOUNTAIN SHADOWS SUPPORT GROUP	OTHER	27-Oct-2016	13,240,000	8,065,000	524,444	319,459
1037	Northern California Retired Officer Community	PARADISE VALLEY ESTATES	MULTI	30-Nov-2016	22,080,000	19,560,000	618,237	547,677
1045	Options Family of Services	Options Family of Services	OTHER	12-Oct-2017	2,140,000	1,595,000	61,203	45,616
1033	Petaluma Health Center	PETALUMA HEALTH CENTER	CLINIC	13-Sep-2016	5,775,000	4,845,000	153,962	128,982
1038	Pilgrim Place in Claremont, Inc.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI	30-Nov-2016	36,055,000	31,985,000	1,345,360	1,193,492
1028	Santa Rosa Community Health Centers	SANTA ROSA COMMUNITY HEALTH CENTERS	CLINIC	12-Jul-2016	11,105,000	8,445,000	174,301	132,550
1040	St. John's Well Child and Family Center	St. John's Well Child and Family Center	CLINIC	12-Jul-2017	5,250,000	4,650,000	174,251	154,337
1047	Viamonte Senior Living	Viamonte Senior Living	MULTI	24-May-2018	187,230,000	132,230,000	7,174,964	5,067,273
1052	Asian Community Center of Sacramento Valley	Asian Community Center of Sacramento Valley	MULTI	26-Jul-2018	26,915,000	26,365,000	1,302,272	1,275,660
1068	Inland Christian Home, Inc.	Inland Christian Home, Inc.	MULTI	27-Apr-2020	18,425,000	18,075,000	877,269	860,604
1056	Lincoln Glen Manor for Senior Citizens	Lincoln Glen Manor for Senior Citizens	MULTI	08-Nov-2018	6,105,000	5,935,000	295,720	287,485
1067	Lompoc District Hospital	Lompoc District Hospital	HOSP	19-Feb-2020	16,885,000	16,200,000	461,103	442,397
1064	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI	26-Sep-2019	49,730,000	44,310,000	1,511,051	1,346,364
1051	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI	08-Aug-2019	13,785,000	12,565,000	450,589	410,711
1071	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP	27-Apr-2020	68,875,000	68,815,000	3,079,456	3,076,773
1054	North Kern South Tulare Hospital District	North Kern South Tulare Hospital District	SNF	20-Feb-2019	4,300,000	3,730,000	62,367	54,100
1059	Northern California Retired Officer Community	Northern California Retired Officer Community	MULTI	07-Mar-2019	95,685,000	81,865,000	4,471,043	3,825,280
1058	The California Home for the Aged, Inc.	The California Home for the Aged, Inc.	MULTI	20-Nov-2018	24,660,000	23,565,000	1,346,305	1,286,524
1063	Town and Country Manor Christian & Missionary Alliance	Town and Country Manor Christian & Missionary Alliance	MULTI	13-Jun-2019	34,385,000	33,825,000	1,811,590	1,782,086
1081	Jewish Home of San Francisco	JEWISH HOME OF SAN FRANCISCO	SNF	17-Nov-2021	28,030,000	28,030,000	1,522,907	1,522,907
1075	La Maestra Family Clinic, Inc.	La Maestra Family Clinic, Inc.	CLINIC	19-Nov-2020	13,590,000	12,995,000	372,766	356,445
1077	La Maestra Family Clinic, Inc.	La Maestra Family Clinic, Inc.	CLINIC	05-Aug-2021	12,295,000	12,295,000	726,877	726,877
1085	La Maestra Family Clinic, Inc.	La Maestra Family Clinic, Inc. - L O C	CLINIC	30-Jun-2022	3,500,000	-	8,925	0
1074	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI	15-Oct-2020	37,275,000	36,390,000	1,188,598	1,160,378
1066	Open Door Community Health Centers	Open Door Community Health Centers	CLINIC	08-Sep-2021	30,580,000	30,580,000	1,400,319	1,400,319
1076	San Benito Health Care District	San Benito Health Care District	HOSP	11-Feb-2021	12,570,000	11,230,000	291,883	260,767
1082	The Redwoods, A Community of Seniors	The Redwoods, A Community of Seniors	MULTI	17-Feb-2022	23,550,000	23,550,000	645,706	645,706
1079	Valley Health Team, Inc.	Valley Health Team, Inc.	CLINIC	13-Oct-2021	15,365,000	15,365,000	692,909	692,909
1073	Vocational Visions	Vocational Visions	OTHER	19-Nov-2020	3,200,000	3,085,000	98,342	94,808
1070	West County Health Centers	West County Health Centers	CLINIC	14-Oct-2020	9,145,000	9,145,000	482,520	482,520
<b>TOTALS</b>					<b>2,050,070,000</b>	<b>1,547,760,135</b>	<b>76,904,565</b>	<b>57,773,792</b>

Notes:

(1) - (8) Provided by Cal-Mortgage

(9) = (7) / (6) x (8), capped by total premium

\* Under California Health Facility Construction Loan Insurance Law Section 129040, one-time premiums are nonrefundable

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Distribution of Active Loans by Facility Type  
Based on Data as of June 30, 2022**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Facility Type	Number of Projects	Number of Borrowers	Original Insured Amount	Principal Balance	Distribution By Number of Projects	Distribution By Number of Borrowers	Distribution By Original Loan Amount	Distribution By Principal Outstanding
Hospitals	11	7	447,505,000	336,442,508	17.5%	15.2%	21.8%	21.7%
Multi-levels	30	21	1,222,125,000	945,967,627	47.6%	45.7%	59.4%	61.1%
Clinics	11	8	112,660,000	101,715,000	17.5%	17.4%	5.5%	6.6%
SNF	3	2	168,250,000	122,280,000	4.8%	4.3%	8.2%	7.9%
Other	8	8	105,370,000	41,775,000	12.7%	17.4%	5.1%	2.7%
<b>Total</b>	<b>63</b>	<b>46</b>	<b>2,055,910,000</b>	<b>1,548,180,135</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

*Notes:*

- (1) - (4) Provided by Cal-Mortgage*
- (5) = (1) / (1) Total*
- (6) = (2) / (2) Total*
- (7) = (3) / (3) Total*
- (8) = (4) / (4) Total*

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Summary of Debt Service Coverage Ratios**

Facility Type	Weighted Average							Average							Median						
	2021	2020	2019	2018	2017	2016	2015	2021	2020	2019	2018	2017	2016	2015	2021	2020	2019	2018	2017	2016	2015
Hospitals	4.91	3.33	1.98	2.13	2.37	1.70	3.32	4.67	2.21	1.78	2.07	2.31	1.78	2.99	3.87	1.99	1.51	2.17	2.58	2.58	2.63
Multi-levels	1.82	2.12	3.02	2.21	1.93	1.73	1.74	1.43	1.56	2.54	1.60	1.74	1.46	2.29	1.63	2.05	2.24	1.65	2.11	1.85	1.84
Clinics	6.41	4.77	2.81	1.76	2.54	3.17	4.06	4.86	2.60	2.24	1.94	3.15	3.13	4.27	5.79	2.60	2.57	2.19	3.02	3.27	3.29
SNF	3.11	1.84	2.19	1.81	2.33	8.86	2.02	3.06	2.03	2.11	1.95	2.68	5.72	2.03	14.60	6.08	1.09	3.55	4.12	2.92	2.04
Other	2.51	2.33	1.78	1.35	1.50	2.06	1.63	3.19	2.88	1.28	1.17	1.16	2.25	1.83	3.23	2.42	1.76	1.62	1.61	1.88	1.59
<b>Total</b>	<b>2.91</b>	<b>2.54</b>	<b>2.63</b>	<b>2.10</b>	<b>2.10</b>	<b>2.61</b>	<b>2.51</b>	<b>2.82</b>	<b>2.05</b>	<b>2.12</b>	<b>1.76</b>	<b>2.08</b>	<b>1.85</b>	<b>2.80</b>	<b>2.58</b>	<b>2.13</b>	<b>2.01</b>	<b>1.67</b>	<b>2.20</b>	<b>2.15</b>	<b>2.26</b>

**Summary of Income Debt Service Ratios**

Facility Type	Weighted Average							Average							Median						
	2021	2020	2019	2018	2017	2016	2015	2021	2020	2019	2018	2017	2016	2015	2021	2020	2019	2018	2017	2016	2015
Hospitals	3.33	1.56	0.62	0.79	0.93	0.28	2.10	3.19	0.73	0.52	0.83	0.93	0.49	1.85	2.53	0.80	0.38	0.82	1.03	1.23	1.55
Multi-levels	0.70	0.81	1.47	1.00	0.80	0.78	0.46	0.45	0.46	1.09	0.70	0.78	0.60	1.07	0.48	0.98	1.06	0.76	0.91	0.85	0.68
Clinics	4.74	3.31	1.91	0.79	1.70	2.13	2.76	3.56	1.69	1.41	1.07	2.27	2.14	3.11	4.41	1.84	1.15	1.41	1.68	2.23	1.97
SNF	0.82	1.27	1.70	1.33	1.53	6.70	0.77	0.77	1.42	1.59	1.44	1.82	3.97	0.79	10.87	4.61	0.04	2.69	3.01	1.54	0.82
Other	2.14	1.95	1.24	0.81	1.00	1.36	1.10	2.77	2.44	0.85	0.70	0.77	1.57	1.22	2.72	1.52	1.16	1.16	1.12	1.07	1.15
<b>Total</b>	<b>1.67</b>	<b>1.29</b>	<b>1.28</b>	<b>0.95</b>	<b>0.96</b>	<b>1.41</b>	<b>1.31</b>	<b>1.71</b>	<b>0.97</b>	<b>0.94</b>	<b>0.81</b>	<b>1.05</b>	<b>0.86</b>	<b>1.66</b>	<b>1.31</b>	<b>1.32</b>	<b>1.06</b>	<b>0.95</b>	<b>1.08</b>	<b>1.08</b>	<b>1.29</b>

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Summary of Debt Service Coverage Ratios over Last Seven Fiscal Years

Debt Service Coverage Ratios

Facility Type	2021			2020			2019			2018			2017			2016			2015		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	17%	0%	83%	29%	0%	71%	0%	13%	88%	13%	0%	88%	0%	14%	86%	25%	0%	75%	18%	0%	82%
Multi-levels	35%	5%	60%	25%	0%	75%	9%	0%	91%	18%	14%	68%	19%	6%	75%	20%	5%	75%	25%	5%	70%
Clinics	0%	0%	100%	10%	0%	90%	0%	22%	78%	20%	0%	80%	0%	0%	100%	7%	0%	93%	5%	0%	95%
SNF	0%	0%	100%	0%	0%	100%	50%	0%	50%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%
Other	0%	10%	90%	10%	10%	80%	17%	17%	67%	31%	15%	54%	29%	0%	71%	13%	7%	80%	26%	16%	58%
<b>Total</b>	<b>17%</b>	<b>4%</b>	<b>79%</b>	<b>18%</b>	<b>2%</b>	<b>80%</b>	<b>9%</b>	<b>9%</b>	<b>81%</b>	<b>20%</b>	<b>9%</b>	<b>71%</b>	<b>15%</b>	<b>4%</b>	<b>81%</b>	<b>15%</b>	<b>3%</b>	<b>82%</b>	<b>18%</b>	<b>6%</b>	<b>76%</b>

Income Debt Service Ratios

Facility Type	2021			2020			2019			2018			2017			2016			2015		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	33%	0%	67%	57%	0%	43%	63%	0%	38%	63%	0%	38%	43%	14%	43%	38%	13%	50%	45%	0%	55%
Multi-levels	70%	0%	30%	50%	5%	45%	45%	14%	41%	64%	9%	27%	56%	19%	25%	60%	15%	25%	55%	10%	35%
Clinics	10%	10%	80%	30%	0%	70%	44%	11%	44%	40%	10%	50%	25%	13%	63%	40%	0%	60%	20%	5%	75%
SNF	50%	0%	50%	0%	50%	50%	50%	0%	50%	0%	50%	50%	0%	0%	100%	33%	0%	67%	100%	0%	0%
Other	20%	10%	70%	30%	20%	50%	42%	17%	42%	46%	8%	46%	50%	0%	50%	47%	7%	47%	47%	5%	47%
<b>Total</b>	<b>42%</b>	<b>4%</b>	<b>54%</b>	<b>41%</b>	<b>8%</b>	<b>51%</b>	<b>47%</b>	<b>11%</b>	<b>42%</b>	<b>46%</b>	<b>8%</b>	<b>46%</b>	<b>45%</b>	<b>11%</b>	<b>45%</b>	<b>48%</b>	<b>8%</b>	<b>44%</b>	<b>43%</b>	<b>6%</b>	<b>51%</b>

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Summary of Debt Service Ratios**

**Debt Service Coverage Ratios**

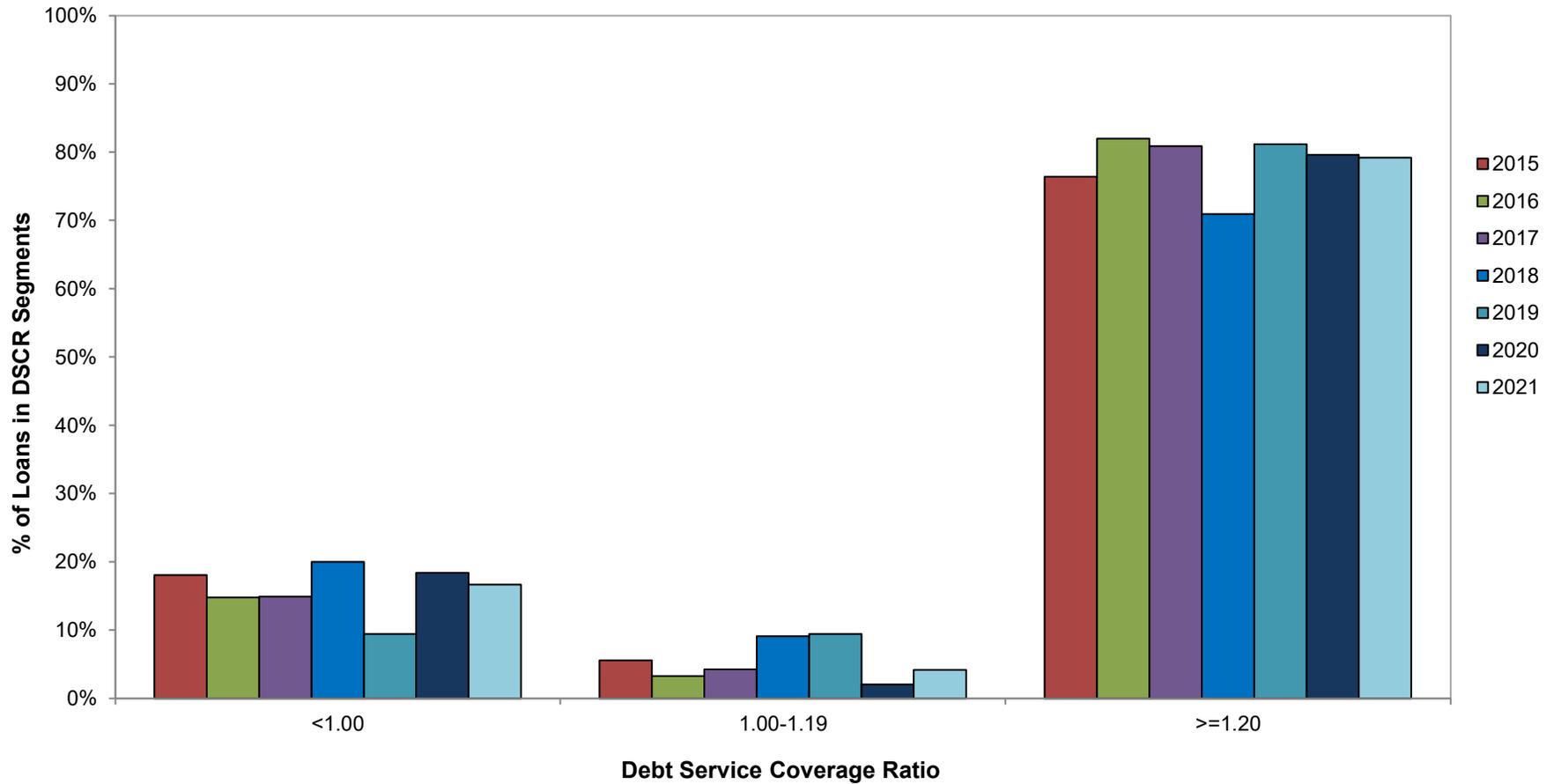
Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2015	18%	6%	76%	18%	0%	82%	25%	5%	70%	5%	0%	95%	0%	0%	100%	26%	16%	58%
2016	15%	3%	82%	25%	0%	75%	20%	5%	75%	7%	0%	93%	0%	0%	100%	13%	7%	80%
2017	15%	4%	81%	0%	14%	86%	19%	6%	75%	0%	0%	100%	0%	0%	100%	29%	0%	71%
2018	20%	9%	71%	13%	0%	88%	18%	14%	68%	20%	0%	80%	0%	0%	100%	31%	15%	54%
2019	9%	9%	81%	0%	13%	88%	9%	0%	91%	0%	22%	78%	50%	0%	50%	17%	17%	67%
2020	18%	2%	80%	29%	0%	71%	25%	0%	75%	10%	0%	90%	0%	0%	100%	10%	10%	80%
2021	17%	4%	79%	17%	0%	83%	35%	5%	60%	0%	0%	100%	0%	0%	100%	0%	10%	90%

**Income Debt Service Ratios**

Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2015	43%	6%	51%	45%	0%	55%	55%	10%	35%	20%	5%	75%	100%	0%	0%	47%	5%	47%
2016	48%	8%	44%	38%	13%	50%	60%	15%	25%	40%	0%	60%	33%	0%	67%	47%	7%	47%
2017	45%	11%	45%	43%	14%	43%	56%	19%	25%	25%	13%	63%	0%	0%	100%	50%	0%	50%
2018	46%	8%	46%	63%	0%	38%	64%	9%	27%	40%	10%	50%	0%	50%	50%	46%	8%	46%
2019	47%	11%	42%	63%	0%	38%	45%	14%	41%	44%	11%	44%	50%	0%	50%	42%	17%	42%
2020	41%	8%	51%	57%	0%	43%	50%	5%	45%	30%	0%	70%	0%	50%	50%	30%	20%	50%
2021	42%	4%	54%	33%	0%	67%	70%	0%	30%	10%	10%	80%	50%	0%	50%	20%	10%	70%

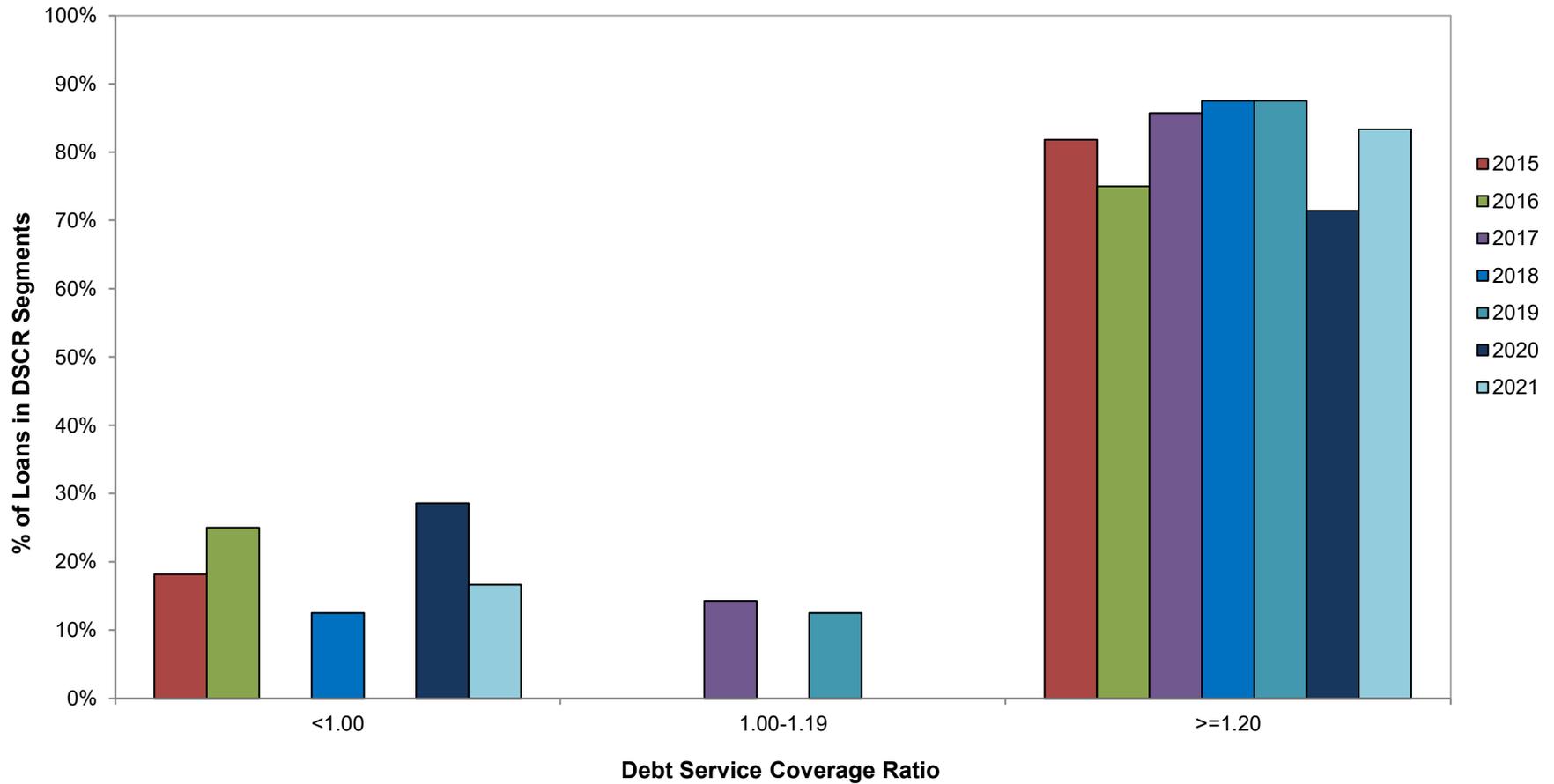
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Debt Service Coverage Ratios  
Distribution of In-Force Loans**

**TOTAL**



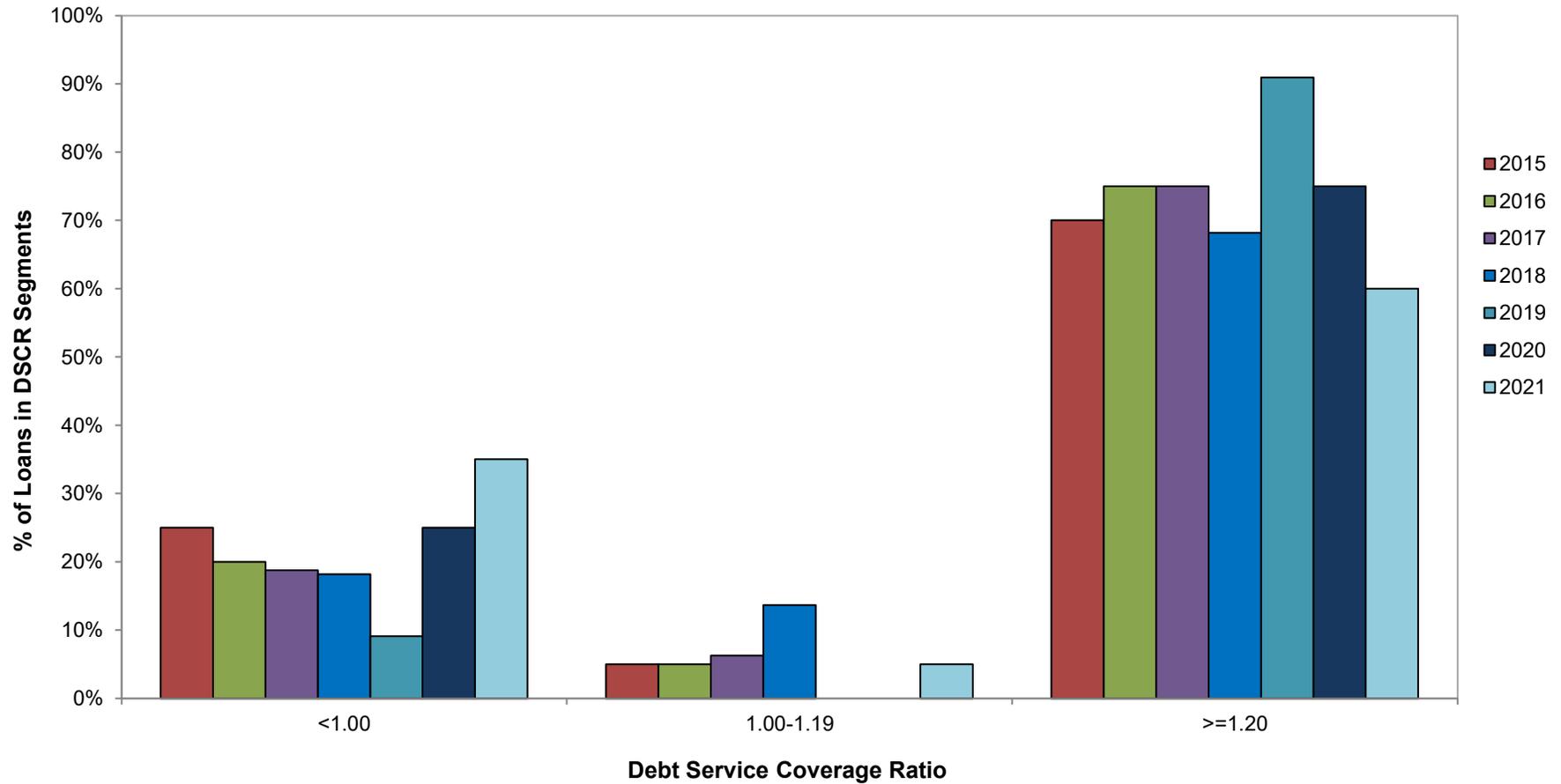
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Debt Service Coverage Ratios  
Distribution of In-Force Loans**

**HOSPITALS**



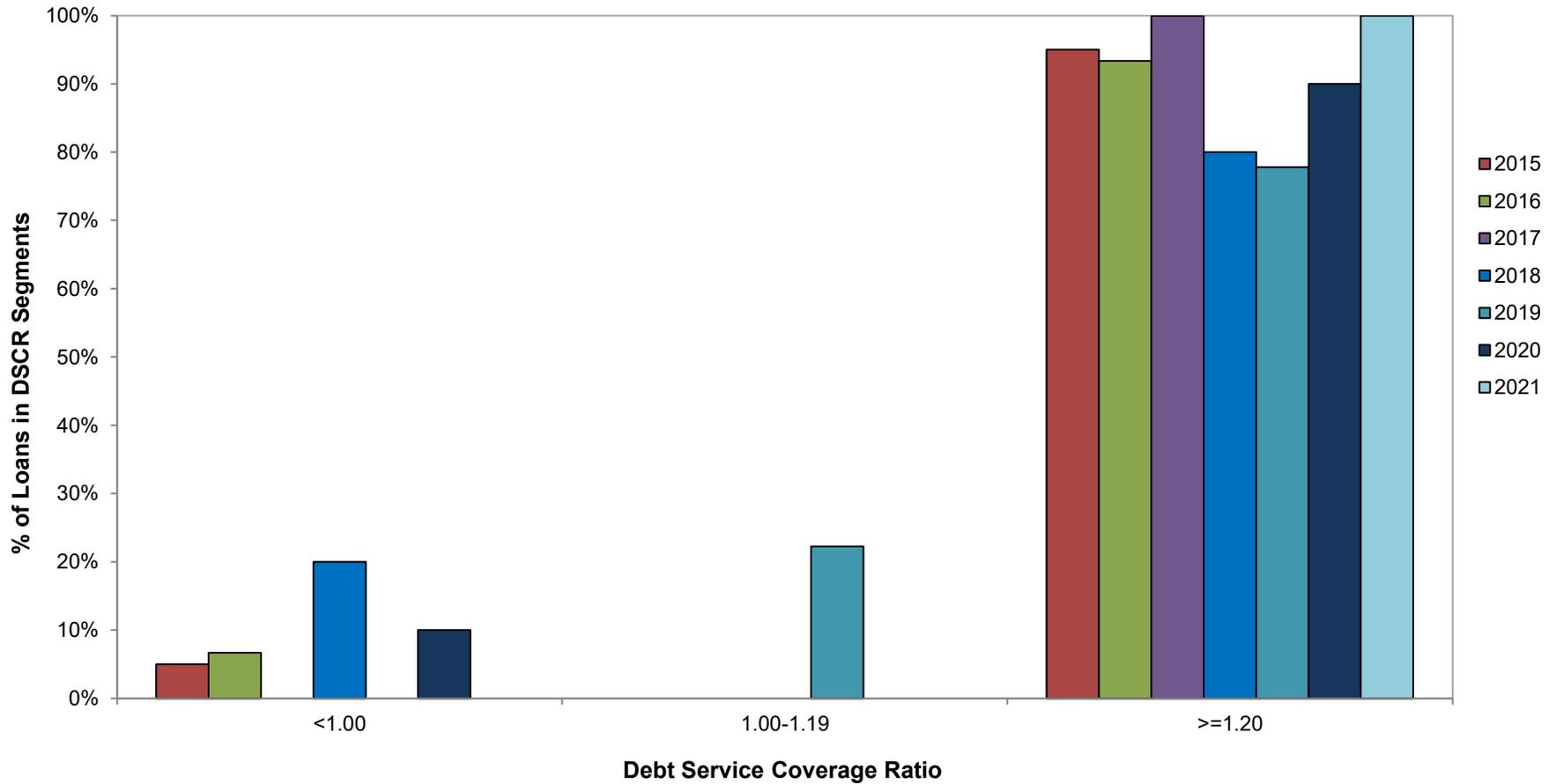
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Debt Service Coverage Ratios  
Distribution of In-Force Loans**

**MULTI-LEVELS**



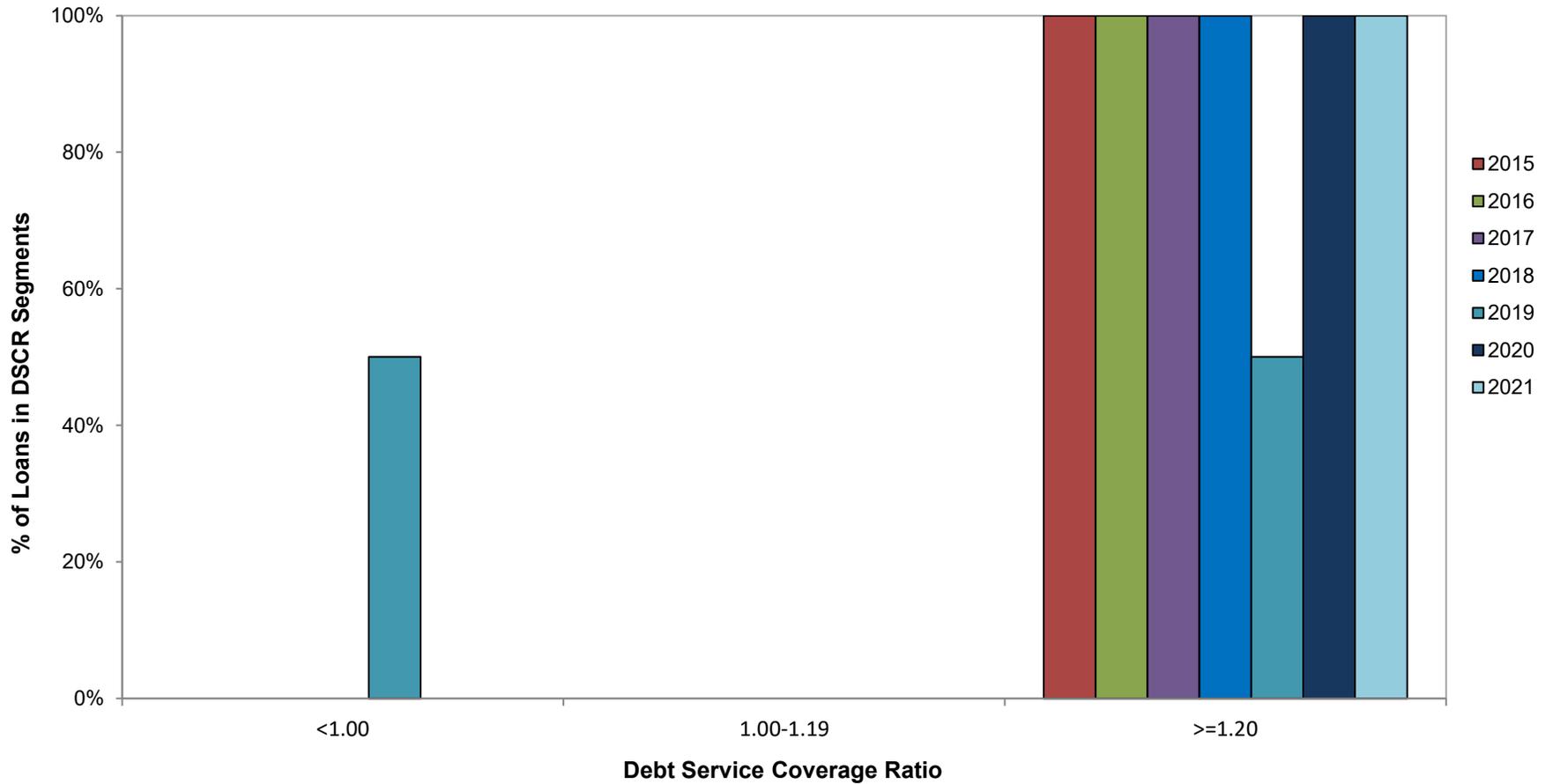
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Debt Service Coverage Ratios  
Distribution of In-Force Loans**

**CLINICS**



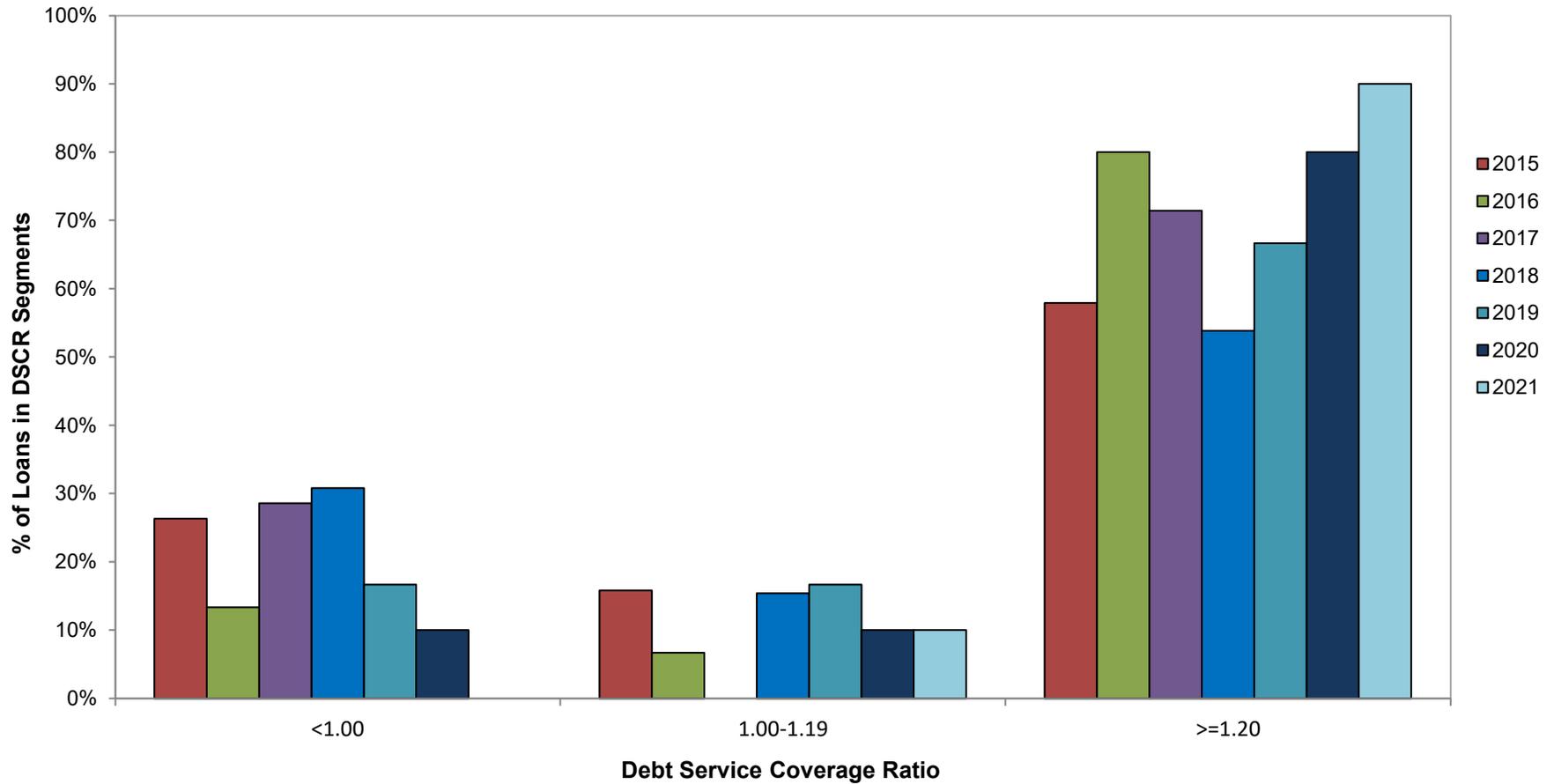
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Debt Service Coverage Ratios  
Distribution of In-Force Loans**

**SKILLED NURSING FACILITIES (SNF)**



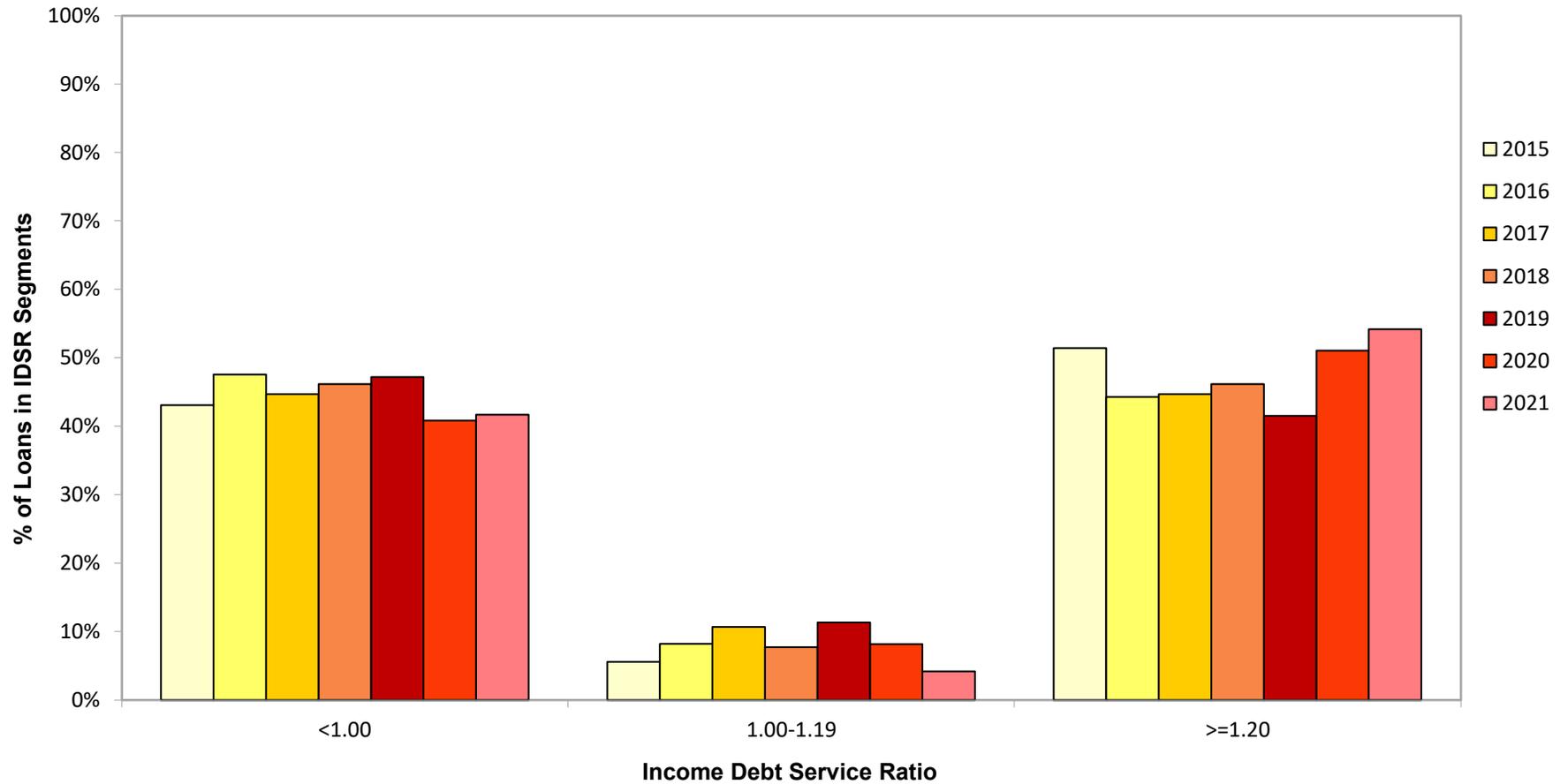
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Debt Service Coverage Ratios  
Distribution of In-Force Loans**

**OTHER**



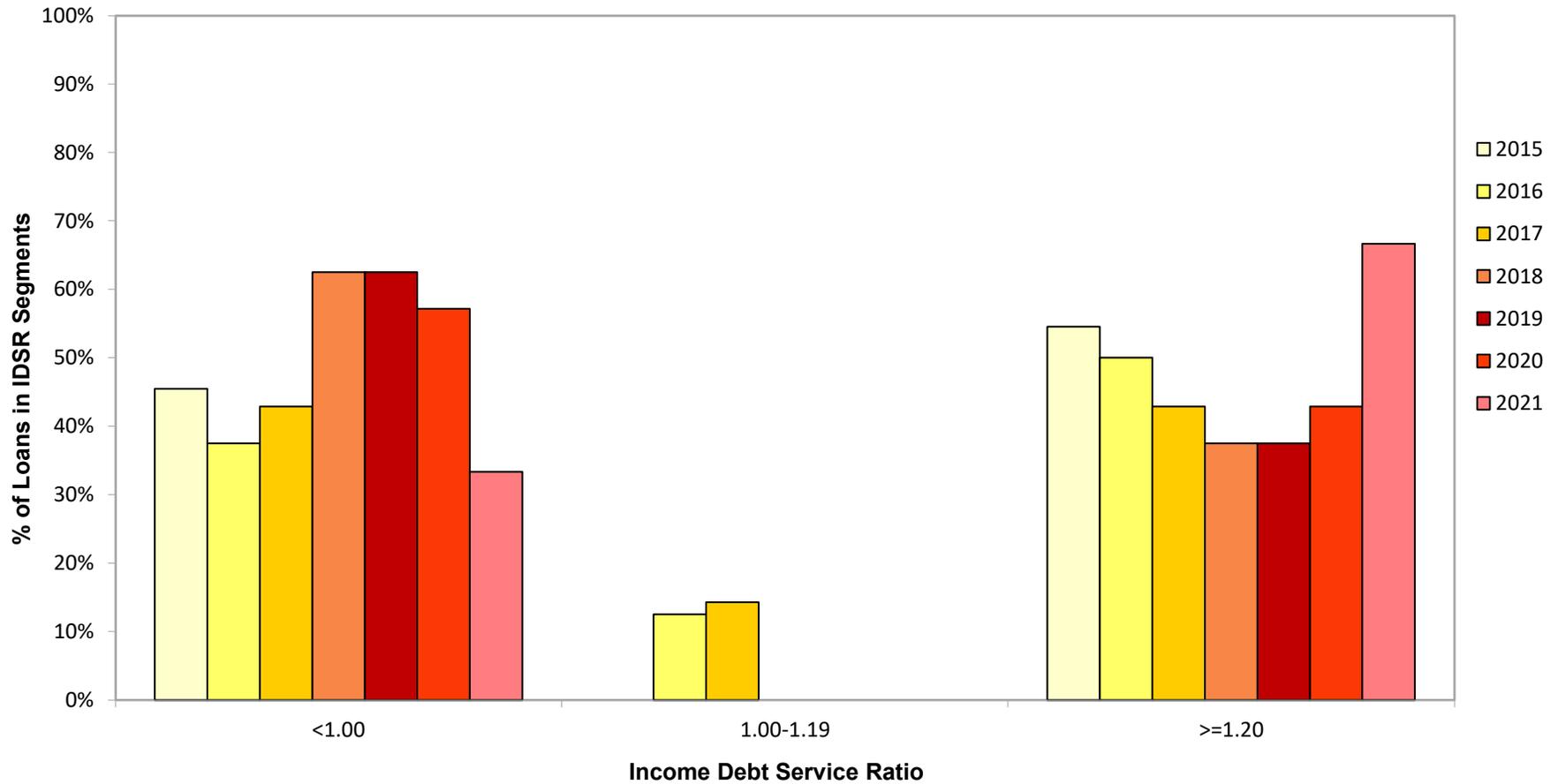
**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution of In-Force Loans**

**TOTAL**



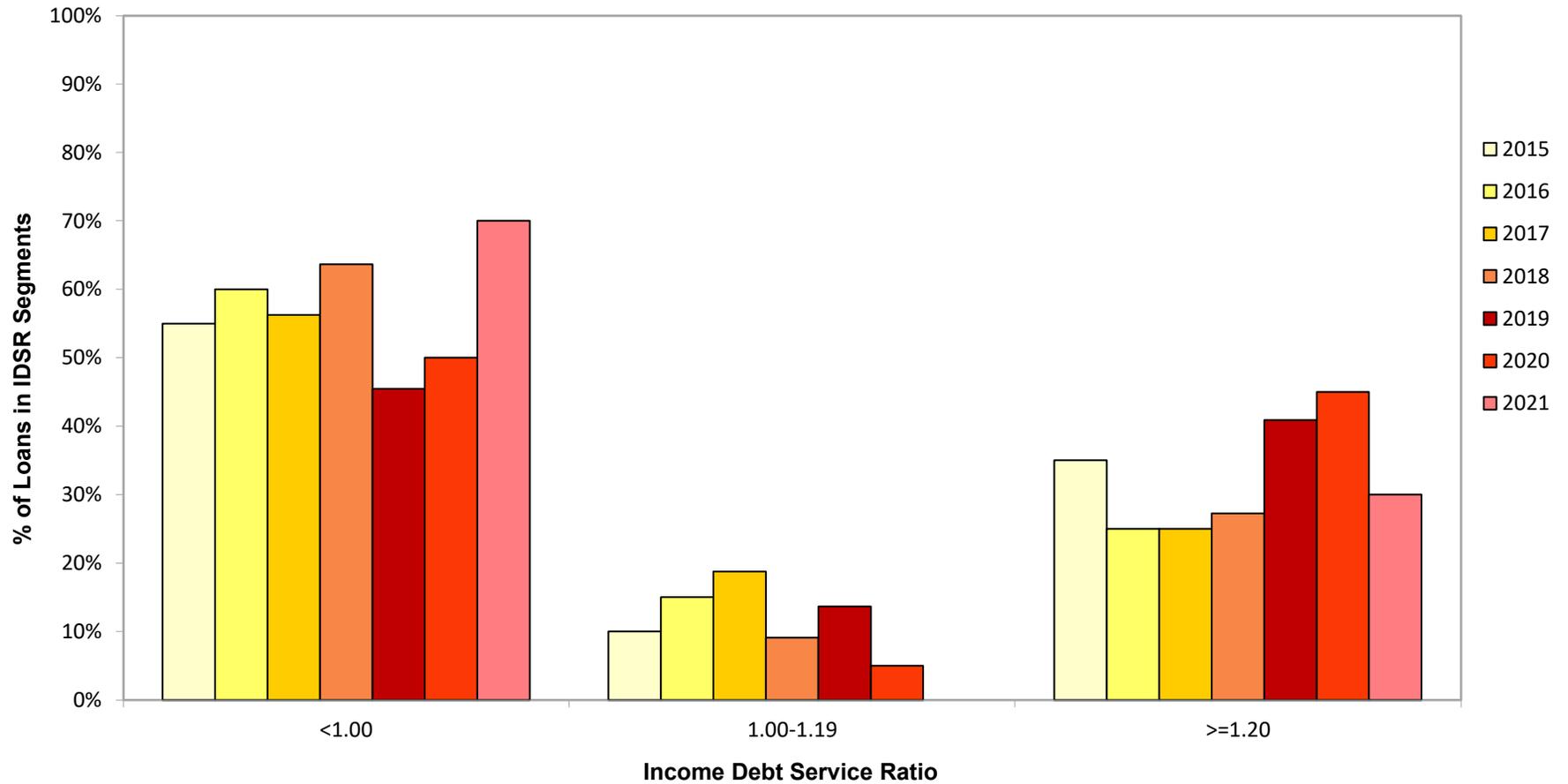
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Income Debt Service Ratios  
Distribution of In-Force Loans**

**HOSPITALS**



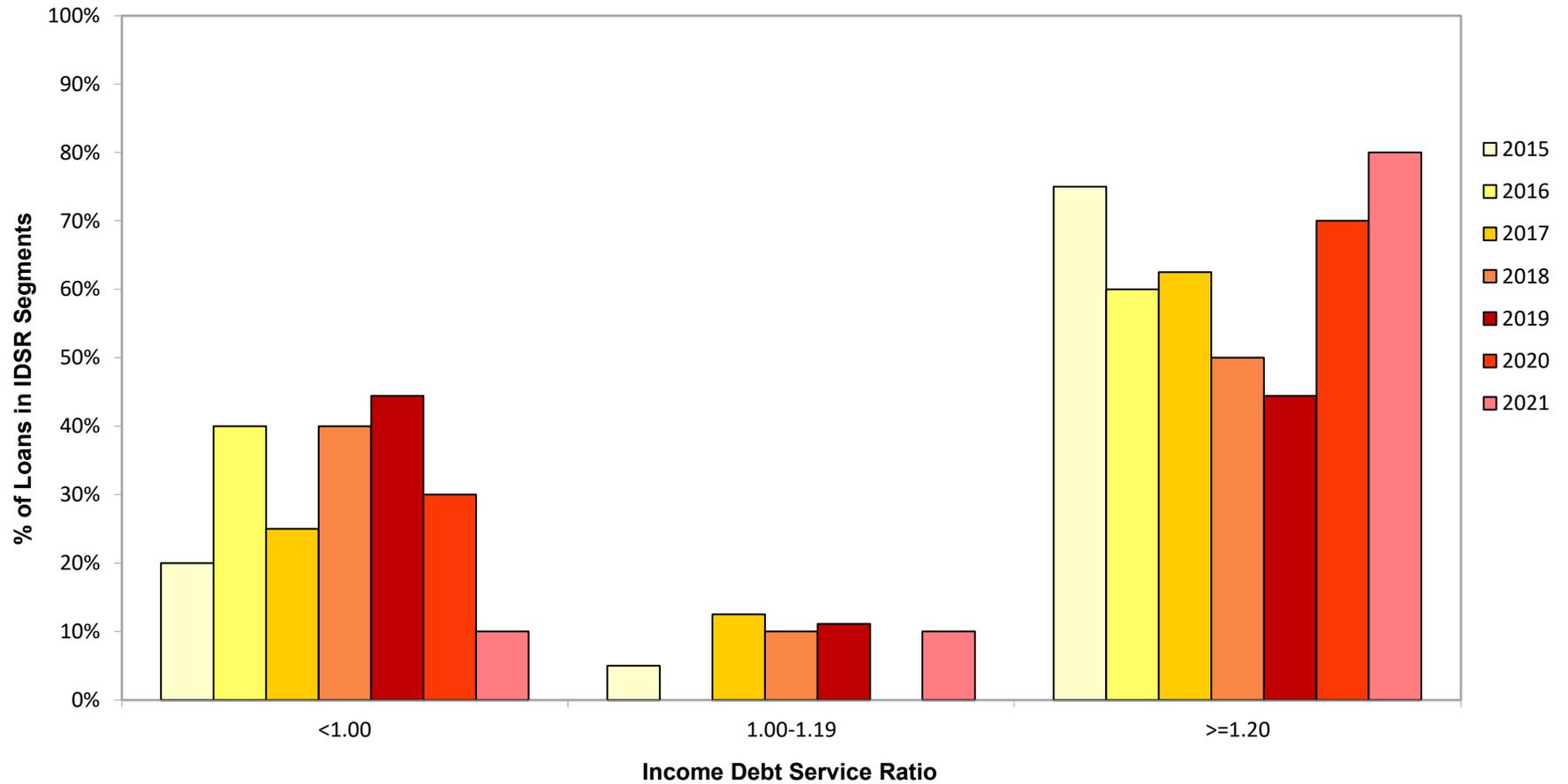
**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution of In-Force Loans**

**MULTI-LEVELS**



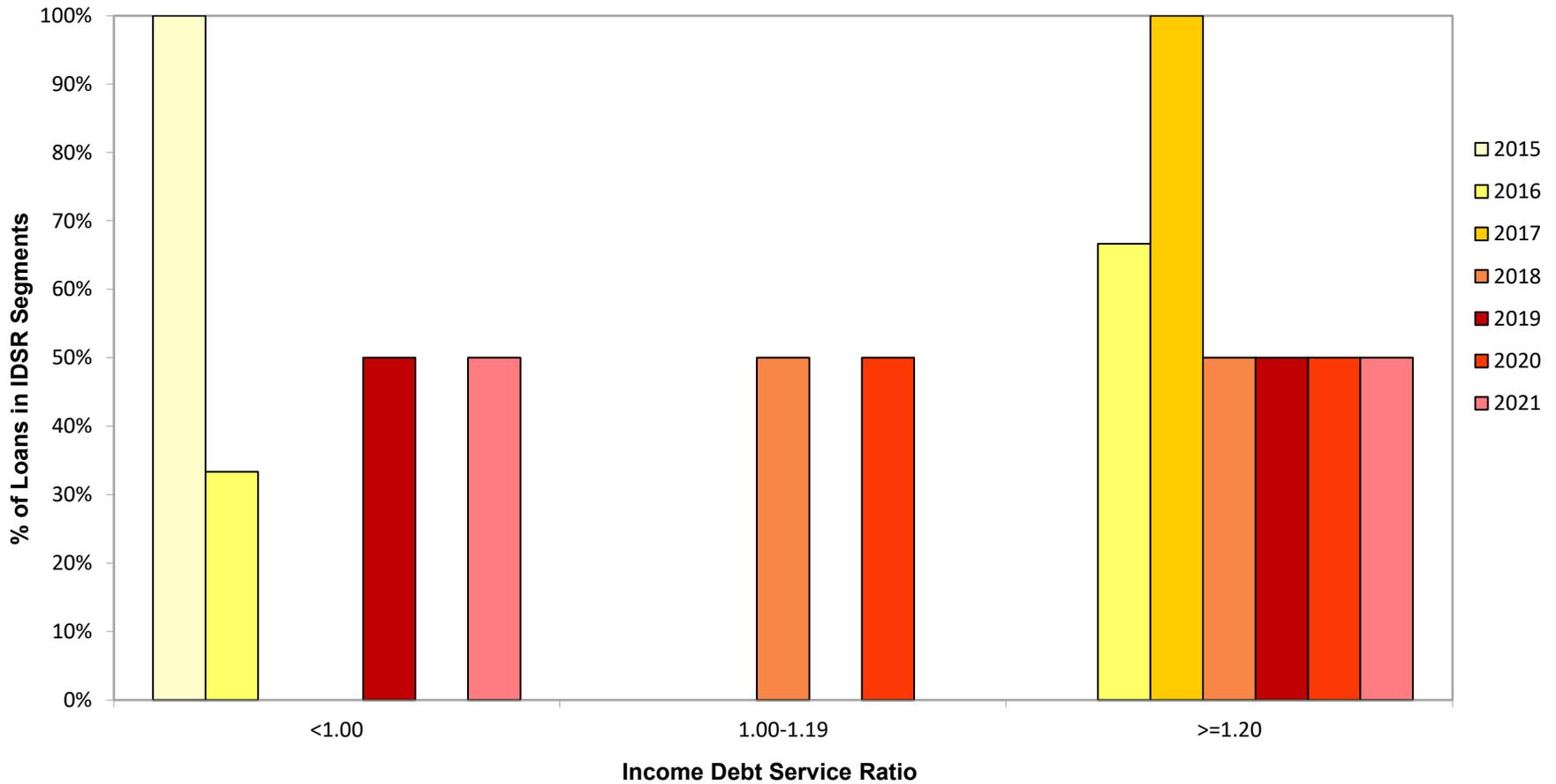
**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution of In-Force Loans**

**CLINICS**



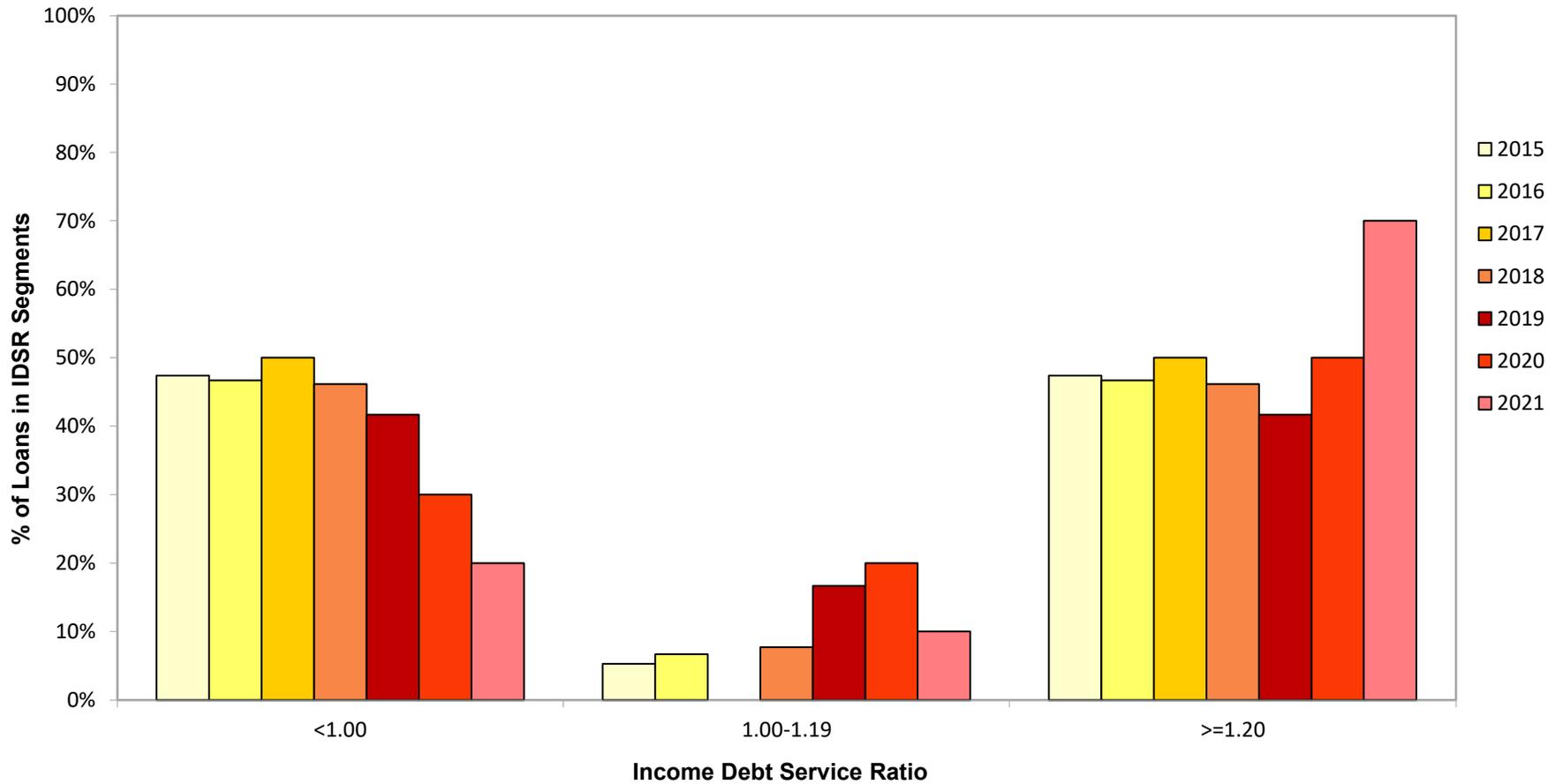
**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution of In-Force Loans**

**SKILLED NURSING FACILITIES (SNF)**



**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution of In-Force Loans**

**OTHER**



Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Cash Flow Analysis - New Loans Insured (Expected Scenario)  
Baseline Scenario  
Based on Data as of June 30, 2022

Year	(1) - (5) Income from Annual Premium Loans					(6) - (9) Income from Up-Front Premium Loans				(10) Cash Inflow from Resolved Loans	(11) Payment on Current Defaults	(12) Payment on Future Default (Including Pipeline)	(13) Administrative Expenses	(14) Investment Yield	(15) Investment Income	(16) Net Cash Flow	(17) Cash Balance
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income								
7/1/2021-6/30/2022				420,000	1,947	113,320,000		4,988,718	342,300								145,943,846
7/1/2022-6/30/2023	0	0	7.5%	0	1,050	155,000,000	4.34%	6,729,670	591,020	3,059,542	29,653,250	2,387,022	4,716,000	5.4%	7,183,505	(19,191,485)	126,752,361
7/1/2023-6/30/2024	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	4,623,595	4,876,344	4.8%	6,104,326	5,176,315	131,928,675
7/1/2024-6/30/2025	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	7,477,461	5,042,140	4.5%	5,860,524	1,912,852	133,841,527
7/1/2025-6/30/2026	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	8,363,424	5,213,572	4.4%	5,778,074	1,481,460	135,322,987
7/1/2026-6/30/2027	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	9,094,986	5,390,834	4.1%	5,495,898	290,460	135,613,447
7/1/2027-6/30/2028	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	9,043,053	5,574,122	4.5%	5,974,188	637,395	136,250,842
7/1/2028-6/30/2029	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	8,824,676	5,763,642	4.5%	5,958,468	650,532	136,901,374
7/1/2029-6/30/2030	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	8,565,409	5,959,606	4.3%	5,808,401	563,768	137,465,142
7/1/2030-6/30/2031	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	8,358,804	6,162,233	4.3%	5,766,271	1,328,531	138,793,673
7/1/2031-6/30/2032	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	8,122,762	6,371,749	4.2%	5,737,115	1,326,900	140,119,573
7/1/2032-6/30/2033	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	6,367,365	0	7,970,652	6,588,388	4.8%	6,748,737	7,389,120	147,508,693
7/1/2033-6/30/2034	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	252,962	0	7,880,518	6,812,393	4.9%	7,049,963	1,442,073	148,950,766
7/1/2034-6/30/2035	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	7,852,351	7,044,015	4.9%	7,237,533	2,323,563	151,274,329
7/1/2035-6/30/2036	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	7,846,941	7,283,511	5.0%	7,451,682	2,303,626	153,577,955
7/1/2036-6/30/2037	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	7,893,875	7,531,151	5.1%	7,669,921	2,227,291	155,805,246
7/1/2037-6/30/2038	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	7,983,626	7,787,210	5.2%	7,914,273	3,070,438	158,875,684
7/1/2038-6/30/2039	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	8,110,556	8,051,975	5.2%	8,184,915	2,949,385	161,825,069
7/1/2039-6/30/2040	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	8,275,789	8,325,742	5.3%	8,457,055	2,782,526	164,607,594
7/1/2040-6/30/2041	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	8,469,229	8,608,817	5.4%	8,728,778	2,577,733	167,185,328
7/1/2041-6/30/2042	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	8,683,941	8,901,517	5.5%	8,998,412	2,339,956	169,525,283
7/1/2042-6/30/2043	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	8,896,036	9,204,169	4.2%	6,941,256	(231,947)	169,293,336
7/1/2043-6/30/2044	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	9,094,549	9,517,110	4.1%	6,831,698	(852,961)	168,440,375
7/1/2044-6/30/2045	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,272,634	9,840,692	4.1%	6,690,775	(1,748,512)	166,691,863
7/1/2045-6/30/2046	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,425,733	10,175,276	4.0%	6,518,985	(2,407,985)	164,283,878
7/1/2046-6/30/2047	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,552,165	10,521,235	4.0%	6,322,055	(3,077,307)	161,206,571
7/1/2047-6/30/2048	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,655,307	10,878,957	3.9%	6,100,746	(3,759,480)	157,447,091
7/1/2048-6/30/2049	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,739,868	11,248,842	3.8%	5,855,743	(4,458,928)	152,988,164
7/1/2049-6/30/2050	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,806,831	11,631,302	3.8%	5,587,710	(5,176,385)	147,811,779
7/1/2050-6/30/2051	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,859,469	12,026,767	3.7%	5,297,318	(5,914,880)	141,896,899
7/1/2051-6/30/2052	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	9,898,731	12,435,677	3.7%	4,985,256	(6,675,113)	135,221,786

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.9% default rate)
- (3) Selected
- (4) = [(1) - (2)] x [1 - (3)]
- (5) Average of [Current and Prior Column(4)] x 0.5%
- (6) Provided by Cal-Mortgage
- (7) From Section III, Exhibit 6
- (8) = (6) x (7)

- (9) Issued amount x (1 - % refinanced) x 0.4%
- (10) From Section I, Exhibit 5
- (11) From Section I, Exhibit 3
- (12) From Section III, Appendix, Page 2
- (13) Administrative expenses increase @ 3.40% per year
- (14) Selected investment yield
- (15) = [0.5 x [(5) + (8) + (9) + (10) - (11) - (12) - (13)] + prior cash balance] x (14)
- (16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15)
- (17) = (16) + (17) prior

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Cash Flow Analysis - No New Loans Insured (Runoff)  
Baseline Scenario  
Based on Data as of June 30, 2022

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Year	Income for Annual Premium Loans					Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income								
7/1/2021-6/30/2022				420,000	1,947								145,943,846
7/1/2022-6/30/2023	0	0	7.5%	0	1,050	3,059,542	29,653,250	2,250,558	4,716,000	5.4%	6,989,134	(26,570,082)	119,373,764
7/1/2023-6/30/2024	0	0	7.5%	0	0	1,251,238	0	4,180,364	4,716,000	4.8%	5,585,331	(2,059,796)	117,313,968
7/1/2024-6/30/2025	0	0	7.5%	0	0	1,251,238	0	6,492,280	4,716,000	4.5%	5,065,949	(4,891,093)	112,422,875
7/1/2025-6/30/2026	0	0	7.5%	0	0	1,251,238	0	6,697,416	4,716,000	4.4%	4,709,649	(5,452,529)	106,970,346
7/1/2026-6/30/2027	0	0	7.5%	0	0	1,251,238	0	6,660,708	4,716,000	4.1%	4,219,957	(5,905,513)	101,064,833
7/1/2027-6/30/2028	0	0	7.5%	0	0	1,251,238	0	5,827,468	4,716,000	4.5%	4,332,794	(4,959,435)	96,105,398
7/1/2028-6/30/2029	0	0	7.5%	0	0	1,251,238	0	4,876,567	4,716,000	4.5%	4,100,322	(4,241,007)	91,864,391
7/1/2029-6/30/2030	0	0	7.5%	0	0	1,251,238	0	3,962,144	4,716,000	4.3%	3,813,074	(3,613,832)	88,250,560
7/1/2030-6/30/2031	0	0	7.5%	0	0	1,251,238	0	3,190,302	4,716,000	4.3%	3,620,722	(3,034,342)	85,216,218
7/1/2031-6/30/2032	0	0	7.5%	0	0	1,251,238	0	2,462,224	4,716,000	4.2%	3,454,865	(2,472,121)	82,744,097
7/1/2032-6/30/2033	0	0	7.5%	0	0	6,367,365	0	1,873,916	4,716,000	4.8%	3,970,864	3,748,313	86,492,410
7/1/2033-6/30/2034	0	0	7.5%	0	0	252,962	0	1,392,632	4,716,000	4.9%	4,071,236	(1,784,433)	84,707,976
7/1/2034-6/30/2035	0	0	7.5%	0	0	252,962	0	1,021,264	4,716,000	4.9%	4,049,526	(1,434,776)	83,273,200
7/1/2035-6/30/2036	0	0	7.5%	0	0	252,962	0	712,078	4,716,000	5.0%	4,043,326	(1,131,790)	82,141,411
7/1/2036-6/30/2037	0	0	7.5%	0	0	252,962	0	484,361	4,716,000	5.1%	4,050,502	(896,897)	81,244,513
7/1/2037-6/30/2038	0	0	7.5%	0	0	252,962	0	312,906	4,716,000	5.2%	4,068,840	(707,104)	80,537,410
7/1/2038-6/30/2039	0	0	7.5%	0	0	252,962	0	189,094	4,716,000	5.2%	4,096,773	(555,359)	79,982,051
7/1/2039-6/30/2040	0	0	7.5%	0	0	252,962	0	108,715	4,716,000	5.3%	4,132,901	(438,851)	79,543,200
7/1/2040-6/30/2041	0	0	7.5%	0	0	252,962	0	57,706	4,716,000	5.4%	4,176,166	(344,578)	79,198,621
7/1/2041-6/30/2042	0	0	7.5%	0	0	252,962	0	31,011	4,716,000	5.5%	4,225,917	(268,132)	78,930,489
7/1/2042-6/30/2043	0	0	7.5%	0	0	252,962	0	15,625	4,716,000	4.2%	3,208,010	(1,270,652)	77,659,837
7/1/2043-6/30/2044	0	0	7.5%	0	0	252,962	0	8,248	4,716,000	4.1%	3,114,368	(1,356,918)	76,302,919
7/1/2044-6/30/2045	0	0	7.5%	0	0	0	0	4,353	4,716,000	4.1%	3,012,618	(1,707,735)	74,595,183
7/1/2045-6/30/2046	0	0	7.5%	0	0	0	0	2,280	4,716,000	4.0%	2,902,733	(1,815,547)	72,779,636
7/1/2046-6/30/2047	0	0	7.5%	0	0	0	0	1,085	4,716,000	4.0%	2,789,788	(1,927,297)	70,852,340
7/1/2047-6/30/2048	0	0	7.5%	0	0	0	0	505	4,716,000	3.9%	2,673,884	(2,042,622)	68,809,718
7/1/2048-6/30/2049	0	0	7.5%	0	0	0	0	194	4,716,000	3.8%	2,555,153	(2,161,040)	66,648,677
7/1/2049-6/30/2050	0	0	7.5%	0	0	0	0	47	4,716,000	3.8%	2,433,758	(2,282,289)	64,366,388
7/1/2050-6/30/2051	0	0	7.5%	0	0	0	0	0	4,716,000	3.7%	2,309,880	(2,406,120)	61,960,269
7/1/2051-6/30/2052	0	0	7.5%	0	0	0	0	0	4,716,000	3.7%	2,183,727	(2,532,273)	59,427,996

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.9% default rate)
- (3) Selected
- (4) = [ (1) - (2) ] x [ 1 - (3) ]
- (5) Average of [ current and prior column(4) ] x 0.5%
- (6) From Section I, Exhibit 5

- (7) From Section I, Exhibit 3
- (8) From Section III, Appendix, Page 4
- (9) Administration expense increase @ 0.0% per year
- (10) Selected investment yield
- (11) = [ 0.5 x [ (5) + (6) - (7) - (8) - (9) ] + prior cash balance ] x (10)
- (12) = (5) + (6) - (7) - (8) - (9) + (11)
- (13) = (12) + (13) prior

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Cash Flow Analysis - New Loans Insured  
Scenario 1: 150 Basis Points Increase  
Based on Data as of June 30, 2022

Year	(1) - (5) Income for Annual Premium Loans					(6) - (9) Income from Up-Front Premium Loans				(10) Cash Inflow from Resolved Loans	(11) Payment on Current Default	(12) Payment on Future Default (Including Pipeline)	(13) Administrative Expenses	(14) Investment Yield	(15) Investment Income	(16) Net Cash Flow	(17) Cash Balance	
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income									
7/1/2021-6/30/2022				420,000	1,947	113,320,000		4,988,718	342,300									145,943,846
7/1/2022-6/30/2023	0	0	7.5%	0	1,050	155,000,000	4.34%	6,729,670	591,020	3,059,542	29,653,250	2,811,163	4,716,000	5.4%	7,172,029	(19,627,101)	126,316,745	
7/1/2023-6/30/2024	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	5,444,791	4,876,344	4.8%	6,063,423	4,314,216	130,630,960	
7/1/2024-6/30/2025	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	8,808,219	5,042,140	4.5%	5,771,995	493,564	131,124,525	
7/1/2025-6/30/2026	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	9,859,536	5,213,572	4.4%	5,626,044	(166,683)	130,957,842	
7/1/2026-6/30/2027	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,736,909	5,390,834	4.1%	5,281,143	(1,566,218)	129,391,624	
7/1/2027-6/30/2028	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,698,484	5,574,122	4.5%	5,657,401	(1,334,828)	128,056,802	
7/1/2028-6/30/2029	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,470,475	5,763,642	4.5%	5,556,310	(1,397,426)	126,659,376	
7/1/2029-6/30/2030	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,198,060	5,959,606	4.3%	5,330,060	(1,547,224)	125,112,152	
7/1/2030-6/30/2031	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	9,988,392	6,162,233	4.3%	5,204,858	(862,471)	124,249,681	
7/1/2031-6/30/2032	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	9,741,721	6,371,749	4.2%	5,092,223	(937,950)	123,311,730	
7/1/2032-6/30/2033	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	6,367,365	0	9,590,677	6,588,388	4.8%	5,902,123	4,922,481	128,234,212	
7/1/2033-6/30/2034	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	252,962	0	9,509,668	6,812,393	4.9%	6,071,232	(1,165,808)	127,068,403	
7/1/2034-6/30/2035	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	9,498,473	7,044,015	4.9%	6,115,770	(444,322)	126,624,081	
7/1/2035-6/30/2036	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	9,511,588	7,283,511	5.0%	6,174,698	(638,006)	125,986,075	
7/1/2036-6/30/2037	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	9,583,877	7,531,151	5.1%	6,224,120	(908,512)	125,077,563	
7/1/2037-6/30/2038	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	9,704,968	7,787,210	5.2%	6,284,377	(280,799)	124,796,763	
7/1/2038-6/30/2039	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	9,868,185	8,051,975	5.2%	6,353,801	(639,359)	124,157,405	
7/1/2039-6/30/2040	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,075,558	8,325,742	5.3%	6,405,528	(1,068,772)	123,088,633	
7/1/2040-6/30/2041	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,315,570	8,608,817	5.4%	6,435,315	(1,562,072)	121,526,561	
7/1/2041-6/30/2042	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,580,014	8,901,517	5.5%	6,438,927	(2,115,603)	119,410,957	
7/1/2042-6/30/2043	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,840,398	9,204,169	4.2%	4,804,295	(4,313,271)	115,097,686	
7/1/2043-6/30/2044	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	11,083,388	9,517,110	4.1%	4,552,825	(5,120,673)	109,977,013	
7/1/2044-6/30/2045	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,301,029	9,840,692	4.1%	4,267,506	(6,200,177)	103,776,837	
7/1/2045-6/30/2046	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,487,883	10,175,276	4.0%	3,949,375	(7,039,745)	96,737,092	
7/1/2046-6/30/2047	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,642,094	10,521,235	4.0%	3,604,738	(7,884,552)	88,852,539	
7/1/2047-6/30/2048	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,767,834	10,878,957	3.9%	3,234,943	(9,737,809)	80,114,730	
7/1/2048-6/30/2049	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,870,899	11,248,842	3.8%	2,841,241	(9,604,462)	70,510,268	
7/1/2049-6/30/2050	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,952,506	11,631,302	3.8%	2,424,851	(10,484,919)	60,025,349	
7/1/2050-6/30/2051	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	12,016,652	12,026,767	3.7%	1,986,998	(11,382,382)	48,642,967	
7/1/2051-6/30/2052	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	12,064,495	12,435,677	3.7%	1,528,913	(12,297,219)	36,345,748	

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.9% default rate,
- (3) Selected
- (4) = [(1) - (2)] x [1 - (3)]
- (5) Average of [ Current and Prior Column(4) ] x 0.5%
- (6) Provided by Cal-Mortgage
- (7) From Section III, Exhibit 6
- (8) = (6) x (7)

- (9) Issued Amount x (1 - % Refinanced) x 0.4%
- (10) From Section I, Exhibit 5
- (11) From Section I, Exhibit 3
- (12) From Section III, Appendix, Page 6
- (13) Administration expense increase @ 3.4% per year
- (14) Selected Investment Yield
- (15) = [ 0.5 x (5) + (8) + (9) + (10) - (11) - (12) - (13) ] + prior cash balance ] x (14)
- (16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15)
- (17) = (16) + (17) prior

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Cash Flow Analysis - New Loans Insured  
Scenario 2: 300 Basis Points Increase  
Based on Data as of June 30, 2022

Year	(1) - (5) Income for Annual Premium Loans					(6) - (9) Income from Up-Front Premium Loans				(10) Cash Inflow from Resolved Loans	(11) Payment on Current Default	(12) Payment on Future Default (Including Pipeline)	(13) Administrative Expenses	(14) Investment Yield	(15) Investment Income	(16) Net Cash Flow	(17) Cash Balance	
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income									
7/1/2021-6/30/2022				420,000	1,947	113,320,000		4,988,718	342,300									145,943,846
7/1/2022-6/30/2023	0	0	7.5%	0	1,050	155,000,000	4.34%	6,729,670	591,020	3,059,542	29,653,250	3,235,303	4,716,000	5.4%	7,160,554	(20,062,717)	125,881,129	
7/1/2023-6/30/2024	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	6,265,987	4,876,344	4.8%	6,022,520	3,452,117	129,333,245	
7/1/2024-6/30/2025	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	10,138,978	5,042,140	4.5%	5,683,466	(925,724)	128,407,522	
7/1/2025-6/30/2026	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	11,355,648	5,213,572	4.4%	5,474,014	(1,814,825)	126,592,697	
7/1/2026-6/30/2027	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	12,378,833	5,390,834	4.1%	5,066,389	(3,422,896)	123,169,801	
7/1/2027-6/30/2028	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	12,353,914	5,574,122	4.5%	5,340,614	(3,307,040)	119,862,761	
7/1/2028-6/30/2029	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	12,116,274	5,763,642	4.5%	5,154,151	(3,445,384)	116,417,377	
7/1/2029-6/30/2030	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	11,830,711	5,959,606	4.3%	4,851,719	(3,658,216)	112,759,161	
7/1/2030-6/30/2031	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	11,617,981	6,162,233	4.3%	4,643,445	(3,053,472)	109,705,689	
7/1/2031-6/30/2032	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	11,360,679	6,371,749	4.2%	4,447,330	(3,201,801)	106,503,888	
7/1/2032-6/30/2033	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	6,367,365	0	11,210,701	6,588,388	4.8%	5,055,509	2,455,843	108,959,730	
7/1/2033-6/30/2034	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	252,962	0	11,138,817	6,812,393	4.9%	5,092,500	(3,773,690)	105,186,040	
7/1/2034-6/30/2035	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	11,144,596	7,044,015	4.9%	4,994,007	(3,212,208)	101,973,833	
7/1/2035-6/30/2036	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	11,176,235	7,283,511	5.0%	4,897,713	(3,579,638)	98,394,195	
7/1/2036-6/30/2037	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	11,273,880	7,531,151	5.1%	4,778,320	(4,044,315)	94,349,880	
7/1/2037-6/30/2038	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	11,426,309	7,787,210	5.2%	4,654,481	(3,632,036)	90,717,843	
7/1/2038-6/30/2039	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	11,625,815	8,051,975	5.2%	4,522,687	(4,228,103)	86,489,740	
7/1/2039-6/30/2040	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	11,875,328	8,325,742	5.3%	4,354,000	(4,920,069)	81,569,671	
7/1/2040-6/30/2041	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	12,161,911	8,608,817	5.4%	4,141,851	(5,701,877)	75,867,794	
7/1/2041-6/30/2042	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	12,476,088	8,901,517	5.5%	3,879,442	(6,571,162)	69,296,632	
7/1/2042-6/30/2043	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	12,784,761	9,204,169	4.2%	2,667,334	(8,394,595)	60,902,036	
7/1/2043-6/30/2044	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	13,072,226	9,517,110	4.1%	2,273,951	(9,388,384)	51,513,652	
7/1/2044-6/30/2045	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	13,329,425	9,840,692	4.1%	1,844,238	(10,651,841)	40,861,811	
7/1/2045-6/30/2046	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	13,550,033	10,175,276	4.0%	1,379,765	(11,671,506)	29,190,305	
7/1/2046-6/30/2047	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	13,732,023	10,521,235	4.0%	887,421	(12,691,798)	16,498,508	
7/1/2047-6/30/2048	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	13,880,360	10,878,957	3.9%	369,140	(13,716,139)	2,782,368	
7/1/2048-6/30/2049	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	14,001,931	11,248,842	3.8%	(173,262)	(14,749,996)	(11,967,627)	
7/1/2049-6/30/2050	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	14,098,182	11,631,302	3.8%	(738,007)	(15,793,453)	(27,761,081)	
7/1/2050-6/30/2051	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	14,173,834	12,026,767	3.7%	(1,323,321)	(16,849,883)	(44,610,964)	
7/1/2051-6/30/2052	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	14,230,259	12,435,677	3.7%	(1,927,429)	(17,919,326)	(62,530,290)	

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.9% default rate,
- (3) Selected
- (4) = [(1) - (2)] x [1 - (3)]
- (5) Average of [ Current and Prior Column(4) ] x 0.5%
- (6) Provided by Cal-Mortgage
- (7) From Section III, Exhibit 6
- (8) = (6) x (7)

- (9) Issued Amount x (1 - % Refinanced) x 0.4%
- (10) From Section I, Exhibit 5
- (11) From Section I, Exhibit 3
- (12) From Section III, Appendix, Page 6
- (13) Administration expense increase @ 3.4% per year
- (14) Selected Investment Yield
- (15) = [ 0.5 x (5) + (8) + (9) + (10) - (11) - (12) - (13) ] + prior cash balance ] x (14)
- (16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15)
- (17) = (16) + (17) prior

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Estimate of Cal-Mortgage's Default Rate  
Based on Data as of June 30, 2022

	Industry Loss Experience	Cal-Mortgage	
		Including Triad	Excluding Triad
(1) Selected Hospitals Default Rate	0.95%		
(2) Cal-Mortgage's Hospitals In-Force Current Principal Balance	441,957,508		
(3) Selected Nursing Homes Default Rate	15.75%		
(4) Cal-Mortgage's Nursing Homes In-Force Current Principal Balance	1,106,222,627		
(5) Combined Cal-Mortgage's Hospitals and Nursing Homes Default Rate	11.52%	4.50%	2.28%
(6) 2020 Selected Default Rate	6.30%		
(7) New Selected Long-Term Default Rate	<b>6.86%</b>		
(8) Original Loan Amount Default as of 6/30/2022 - Expected vs. Actual	263,297,264	369,094,120	186,864,120

Notes:

- (1) From Section III, Exhibit 2, Page 2, Row (6)
- (2) Provided by Cal-Mortgage
- (3) From Section III, Exhibit 2, Page 5, Row (6)
- (4) Provided by Cal-Mortgage
- (5)  $= [(1) \times (2) + (3) \times (4)] / [(2) + (4)]$
- (6) From Cal-Mortgage Analysis at 6/30/2020
- (7) Selected
- (8) Based on (7) and Cal-Mortgage Data

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Hospitals  
Selection of Ultimate Default Rate  
Based on Data as of June 30, 2022**

	(1)	(2)	(3)	(4)	(5)
Issue Year	Exposure Base	Actual Original Loan Balance Default Rate	Development Method Ultimate	Bornhuetter-Ferguson Method Ultimate	Selected Ultimate Default Rate
1981	4,606,300	1.94%	1.94%	1.94%	1.94%
1982	8,153,200	1.13%	1.13%	1.13%	1.13%
1983	8,817,100	0.28%	0.28%	0.28%	0.28%
1984	7,589,500	0.23%	0.23%	0.23%	0.23%
1985	23,821,200	0.91%	0.91%	0.91%	0.91%
1986	7,184,300	3.88%	3.88%	3.88%	3.88%
1987	11,121,100	1.92%	1.92%	1.92%	1.92%
1988	10,757,500	0.45%	0.45%	0.45%	0.45%
1989	13,397,300	0.61%	0.61%	0.61%	0.61%
1990	12,003,000	0.82%	0.82%	0.82%	0.82%
1991	15,968,000	2.77%	2.77%	2.77%	2.77%
1992	20,414,100	2.70%	2.70%	2.70%	2.70%
1993	29,001,500	1.39%	1.39%	1.39%	1.39%
1994	13,536,700	1.14%	1.14%	1.14%	1.14%
1995	11,442,100	0.29%	0.29%	0.29%	0.29%
1996	16,356,200	3.30%	3.30%	3.30%	3.30%
1997	22,036,300	1.00%	1.00%	1.00%	1.00%
1998	33,623,500	0.94%	0.94%	0.94%	0.94%
1999	21,678,800	0.45%	0.45%	0.45%	0.45%
2000	14,147,100	0.05%	0.05%	0.05%	0.05%
2001	20,232,300	0.05%	0.05%	0.05%	0.05%
2002	21,982,400	0.44%	0.44%	0.44%	0.44%
2003	25,228,700	2.36%	2.36%	2.36%	2.36%
2004	25,692,900	0.13%	0.13%	0.13%	0.13%
2005	34,117,000	0.42%	0.42%	0.43%	0.43%
2006	32,708,000	0.15%	0.15%	0.17%	0.16%
2007	40,993,900	2.58%	2.66%	2.61%	2.64%
2008	58,165,000	0.82%	0.86%	0.87%	0.86%
2009	43,923,200	0.02%	0.02%	0.09%	0.05%
2010	28,106,300	0.21%	0.23%	0.31%	0.27%
2011	22,644,500	0.17%	0.19%	0.30%	0.25%
2012	27,202,400	0.45%	0.55%	0.64%	0.59%
2013	18,424,500	0.00%	0.00%	0.24%	0.24%
2014	16,235,800	0.00%	0.00%	0.30%	0.30%
2015	23,098,300	0.11%	0.17%	0.50%	0.50%
2016	37,247,500	0.00%	0.00%	0.51%	0.51%
2017	34,727,700	0.00%	0.00%	0.63%	0.63%
2018	22,826,400	1.76%	6.41%	2.53%	2.53%
2019	29,126,600	0.00%	0.00%	0.91%	0.91%
2020	25,589,200	0.01%	0.29%	1.02%	1.02%
2021	22,836,300	0.00%	0.00%	1.04%	1.05%

- Notes:  
 (1) From Alacra, Inc. for 1981 - 2004 and from Refinitiv US, LLC. for 2005 and subsequent  
 (2) Section III, Exhibit 2, Page 3, Column (2) / (1)  
 (3) From Section III, Exhibit 2, Page 3, Column (5)  
 (4) From Section III, Exhibit 2, Page 4, Column (9)  
 (5) Selected  
 (6) Selected

Weighted Average 1981-2019 0.95%  
 Weighted Average 1981-1987 1.31%  
 Weighted Average 1988-2008 1.12%  
 Weighted Average 2009-2019 0.58%  
 Arithmetic Average 1981-2019 1.03%  
 Arithmetic Average 1981-1987 1.47%  
 Arithmetic Average 1988-2008 1.09%  
 Arithmetic Average 2009-2019 0.62%

Prior Selection 0.94%

(6) Selected Long-Term Default Rate 0.95%

**Office of Health Facility Loan Insurance**  
**California Health Facility Construction Loan Insurance Program**  
**Industry Countrywide Loss Experience - Hospitals**  
**Loss Development Method**  
**Based on Data as of June 30, 2022**

	(1)	(2)	(3)	(4)	(5)	
Issue Year	Age	Exposure Base	Default Original Loan Balance To Date	Cumulative Reported Development Factor	Estimated Ultimate	Indicated Default Rate
1981	492	4,606,300	89,265	1.000	89,265	1.94%
1982	480	8,153,200	92,275	1.000	92,275	1.13%
1983	468	8,817,100	24,345	1.000	24,345	0.28%
1984	456	7,589,500	17,445	1.000	17,445	0.23%
1985	444	23,821,200	217,640	1.000	217,640	0.91%
1986	432	7,184,300	278,965	1.000	278,965	3.88%
1987	420	11,121,100	213,773	1.000	213,773	1.92%
1988	408	10,757,500	48,167	1.000	48,167	0.45%
1989	396	13,397,300	81,805	1.000	81,805	0.61%
1990	384	12,003,000	98,575	1.000	98,575	0.82%
1991	372	15,968,000	442,310	1.000	442,310	2.77%
1992	360	20,414,100	550,989	1.000	550,989	2.70%
1993	348	29,001,500	404,000	1.000	404,000	1.39%
1994	336	13,536,700	154,750	1.000	154,750	1.14%
1995	324	11,442,100	33,370	1.000	33,370	0.29%
1996	312	16,356,200	539,105	1.000	539,105	3.30%
1997	300	22,036,300	220,275	1.000	220,275	1.00%
1998	288	33,623,500	316,410	1.000	316,410	0.94%
1999	276	21,678,800	98,585	1.000	98,585	0.45%
2000	264	14,147,100	6,975	1.000	6,975	0.05%
2001	252	20,232,300	9,110	1.000	9,110	0.05%
2002	240	21,982,400	97,560	1.000	97,560	0.44%
2003	228	25,228,700	595,995	1.000	595,995	2.36%
2004	216	25,692,900	32,680	1.005	32,843	0.13%
2005	204	34,117,000	143,075	1.010	144,509	0.42%
2006	192	32,708,000	49,575	1.020	50,573	0.15%
2007	180	40,993,900	1,058,669	1.030	1,090,775	2.66%
2008	168	58,165,000	476,730	1.046	498,555	0.86%
2009	156	43,923,200	7,875	1.070	8,425	0.02%
2010	144	28,106,300	60,220	1.097	66,036	0.23%
2011	132	22,644,500	37,795	1.151	43,518	0.19%
2012	120	27,202,400	122,049	1.220	148,960	0.55%
2013	108	18,424,500	0	1.294	0	0.00%
2014	96	16,235,800	0	1.397	0	0.00%
2015	84	23,098,300	24,995	1.607	40,162	0.17%
2016	72	37,247,500	0	1.928	0	0.00%
2017	60	34,727,700	0	2.507	0	0.00%
2018	48	22,826,400	402,875	3.635	1,464,286	6.41%
2019	36	29,126,600	0	7.451	0	0.00%
2020	24	25,589,200	3,000	24.588	73,764	0.29%
2021	12	22,836,300	0	116.793	0	0.00%

Notes:  
 (1) From Alacra, Inc. for 1981 - 2004 and from Refinitiv US, LLC. for 2005 and subsequent  
 (2) From Income Securities Investors, LLC.  
 (3) Based on the selected development factors  
 (4) = (2) x (3)  
 (5) = (4) / (1)  
 (6) Selected

Weighted Average 1981-2019 0.95%  
 Weighted Average 1981-1987 1.31%  
 Weighted Average 1988-2008 1.12%  
 Weighted Average 2009-2019 0.58%  
 Arithmetic Average 1981-2019 1.05%  
 Arithmetic Average 1981-1987 1.47%  
 Arithmetic Average 1988-2008 1.09%  
 Arithmetic Average 2009-2019 0.69%

Prior Selected 1.05%

(6) Selected Initial Default Rate 1.05%

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Hospitals  
Bornhuetter-Ferguson Method  
Based on Data as of June 30, 2022

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Issue Year	Exposure Base	Initial Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
1981	4,606,300	1.05%	48,366	0.0%	0	48,366	89,265	89,265	1.94%
1982	8,153,200	1.05%	85,609	0.0%	0	85,609	92,275	92,275	1.13%
1983	8,817,100	1.05%	92,580	0.0%	0	92,580	24,345	24,345	0.28%
1984	7,589,500	1.05%	79,690	0.0%	0	79,690	17,445	17,445	0.23%
1985	23,821,200	1.05%	250,123	0.0%	0	250,123	217,640	217,640	0.91%
1986	7,184,300	1.05%	75,435	0.0%	0	75,435	278,965	278,965	3.88%
1987	11,121,100	1.05%	116,772	0.0%	0	116,772	213,773	213,773	1.92%
1988	10,757,500	1.05%	112,954	0.0%	0	112,954	48,167	48,167	0.45%
1989	13,397,300	1.05%	140,672	0.0%	0	140,672	81,805	81,805	0.61%
1990	12,003,000	1.05%	126,032	0.0%	0	126,032	98,575	98,575	0.82%
1991	15,968,000	1.05%	167,664	0.0%	0	167,664	442,310	442,310	2.77%
1992	20,414,100	1.05%	214,348	0.0%	0	214,348	550,989	550,989	2.70%
1993	29,001,500	1.05%	304,516	0.0%	0	304,516	404,000	404,000	1.39%
1994	13,536,700	1.05%	142,135	0.0%	0	142,135	154,750	154,750	1.14%
1995	11,442,100	1.05%	120,142	0.0%	0	120,142	33,370	33,370	0.29%
1996	16,356,200	1.05%	171,740	0.0%	0	171,740	539,105	539,105	3.30%
1997	22,036,300	1.05%	231,381	0.0%	0	231,381	220,275	220,275	1.00%
1998	33,623,500	1.05%	353,047	0.0%	0	353,047	316,410	316,410	0.94%
1999	21,678,800	1.05%	227,627	0.0%	0	227,627	98,585	98,585	0.45%
2000	14,147,100	1.05%	148,545	0.0%	0	148,545	6,975	6,975	0.05%
2001	20,232,300	1.05%	212,439	0.0%	0	212,439	9,110	9,110	0.05%
2002	21,982,400	1.05%	230,815	0.0%	0	230,815	97,560	97,560	0.44%
2003	25,228,700	1.05%	264,901	0.0%	0	264,901	595,995	595,995	2.36%
2004	25,692,900	1.05%	269,775	0.5%	1,342	268,433	32,680	34,022	0.13%
2005	34,117,000	1.05%	358,229	1.0%	3,556	354,673	143,075	146,631	0.43%
2006	32,708,000	1.05%	343,434	2.0%	6,775	336,659	49,575	56,350	0.17%
2007	40,993,900	1.05%	430,436	2.9%	12,669	417,767	1,058,669	1,071,338	2.61%
2008	58,165,000	1.05%	610,733	4.4%	26,736	583,996	476,730	503,466	0.87%
2009	43,923,200	1.05%	461,194	6.5%	30,105	431,089	7,875	37,980	0.09%
2010	28,106,300	1.05%	295,116	8.8%	25,992	269,124	60,220	86,212	0.31%
2011	22,644,500	1.05%	237,767	13.1%	31,266	206,501	37,795	69,061	0.30%
2012	27,202,400	1.05%	285,625	18.1%	51,601	234,024	122,049	173,650	0.64%
2013	18,424,500	1.05%	193,457	22.7%	43,922	149,535	0	43,922	0.24%
2014	16,235,800	1.05%	170,476	28.4%	48,465	122,011	0	48,465	0.30%
2015	23,098,300	1.05%	242,532	37.8%	91,591	150,941	24,995	116,586	0.50%
2016	37,247,500	1.05%	391,099	48.1%	188,264	202,835	0	188,264	0.51%
2017	34,727,700	1.05%	364,641	60.1%	219,169	145,471	0	219,169	0.63%
2018	22,826,400	1.05%	239,677	72.5%	173,734	65,943	402,875	576,609	2.53%
2019	29,126,600	1.05%	305,829	86.6%	264,783	41,046	0	264,783	0.91%
2020	25,589,200	1.05%	268,687	95.9%	257,759	10,928	3,000	260,759	1.02%
2021	22,836,300	1.05%	239,781	99.1%	237,728	2,053	0	237,728	1.04%
<b>TOTALS</b>	<b>916,763,700</b>		<b>9,626,019</b>		<b>1,715,459</b>	<b>7,910,560</b>	<b>7,051,227</b>	<b>8,766,686</b>	<b>0.96%</b>

Notes:

- (1) From Alacra, Inc. for 1981 - 2004 and from Refinitiv US, LLC. for 2005 and subsequent
- (2) Section III, Exhibit 2, Page 3, Row (6)
- (3) = (1) x (2)
- (4) Based on the selected development factors
- (5) = (3) x (4)
- (6) = (3) - (5)
- (7) From Income Securities Investors, LLC.
- (8) = (5) + (7)
- (9) = (8) / (1)

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Nursing Homes  
Selection of Ultimate Default Rate  
Based on Data as of June 30, 2022

Issue Year	(1) Exposure Base	(2) Actual Original Loan Balance Default Rate	(3) Development Method Ultimate	(4) Bornhuetter-Ferguson Method Ultimate	(5) Selected Ultimate Default Rate
1981	392,300	37.09%	37.09%	37.09%	37.09%
1982	838,700	40.17%	40.17%	40.17%	40.17%
1983	795,000	54.32%	54.32%	54.32%	54.32%
1984	739,700	40.39%	40.39%	40.39%	40.39%
1985	1,160,300	26.26%	26.26%	26.26%	26.26%
1986	772,800	24.40%	24.40%	24.40%	24.40%
1987	914,300	13.44%	13.44%	13.44%	13.44%
1988	1,451,700	8.57%	8.57%	8.57%	8.57%
1989	1,561,600	4.76%	4.76%	4.76%	4.76%
1990	1,678,600	9.77%	9.77%	9.77%	9.77%
1991	1,538,500	2.23%	2.23%	2.23%	2.23%
1992	2,429,300	5.22%	5.22%	5.22%	5.22%
1993	2,515,600	9.04%	9.04%	9.04%	9.04%
1994	2,427,400	11.41%	11.41%	11.41%	11.41%
1995	1,986,300	14.60%	14.60%	14.60%	14.60%
1996	3,040,500	10.33%	10.33%	10.33%	10.33%
1997	3,523,600	9.03%	9.03%	9.03%	9.03%
1998	5,077,800	9.65%	9.65%	9.65%	9.65%
1999	4,981,900	8.39%	8.39%	8.39%	8.39%
2000	2,876,400	5.74%	5.74%	5.74%	5.74%
2001	2,919,300	6.06%	6.06%	6.06%	6.06%
2002	3,787,200	3.72%	3.72%	3.72%	3.72%
2003	3,228,400	3.27%	3.27%	3.27%	3.27%
2004	3,222,300	6.48%	6.51%	6.52%	6.51%
2005	4,276,300	1.38%	1.40%	1.45%	1.42%
2006	6,010,800	3.05%	3.11%	3.19%	3.15%
2007	7,837,300	8.18%	8.43%	8.38%	8.40%
2008	2,498,700	7.52%	7.87%	7.83%	7.85%
2009	1,953,000	13.95%	14.92%	15.25%	15.09%
2010	2,729,100	14.16%	15.53%	15.92%	15.73%
2011	1,217,200	17.91%	20.62%	20.54%	20.58%
2012	3,680,200	15.49%	18.90%	19.10%	19.00%
2013	2,804,900	6.04%	7.82%	10.58%	10.58%
2014	2,718,000	24.52%	34.25%	30.20%	30.20%
2015	3,797,800	6.14%	9.86%	13.69%	13.69%
2016	5,690,600	11.10%	21.41%	20.73%	20.73%
2017	6,196,000	17.63%	44.18%	29.65%	29.65%
2018	4,678,200	16.92%	61.51%	31.42%	31.42%
2019	5,276,700	0.68%	5.06%	17.99%	17.99%
2020	3,844,000	2.92%	71.81%	22.11%	22.11%
2021	6,403,200		0.00%	19.83%	20.00%

Notes:

- (1) From Alacra, Inc. for 1981 - 2004 and from Refinitiv US, LLC. for 2005 and subsequent
- (2) Section III, Exhibit 2, Page 6, Column (2) / (1)
- (3) From Section III, Exhibit 2, Page 6, Column (5)
- (4) From Section III, Exhibit 2, Page 7, Column (9)
- (5) Selected
- (6) Selected

Weighted Average 1981-2019	13.31%
Weighted Average 1981-1987	32.59%
Weighted Average 1988-2008	6.91%
Weighted Average 2009-2019	21.47%
Arithmetic Average 1981-2019	15.64%
Arithmetic Average 1981-1987	33.72%
Arithmetic Average 1988-2008	7.10%
Arithmetic Average 2009-2019	20.42%

Prior Selection 11.00%

(6) Selected Long-Term Default Rate

**Office of Health Facility Loan Insurance**  
**California Health Facility Construction Loan Insurance Program**  
**Industry Countrywide Loss Experience - Nursing Homes**  
**Loss Development Method**  
**Based on Data as of June 30, 2022**

	(1)	(2)	(3)	(4)	(5)	
Issue Year	Age	Exposure Base	Default Original Loan Balance To Date	Cumulative Reported Development Factor	Estimated Ultimate	Indicated Default Rate
1981	492	392,300	145,510	1.000	145,510	37.09%
1982	480	838,700	336,905	1.000	336,905	40.17%
1983	468	795,000	431,865	1.000	431,865	54.32%
1984	456	739,700	298,747	1.000	298,747	40.39%
1985	444	1,160,300	304,695	1.000	304,695	26.26%
1986	432	772,800	188,525	1.000	188,525	24.40%
1987	420	914,300	122,905	1.000	122,905	13.44%
1988	408	1,451,700	124,475	1.000	124,475	8.57%
1989	396	1,561,600	74,310	1.000	74,310	4.76%
1990	384	1,678,600	163,945	1.000	163,945	9.77%
1991	372	1,538,500	34,275	1.000	34,275	2.23%
1992	360	2,429,300	126,700	1.000	126,700	5.22%
1993	348	2,515,600	227,486	1.000	227,486	9.04%
1994	336	2,427,400	277,035	1.000	277,035	11.41%
1995	324	1,986,300	290,080	1.000	290,080	14.60%
1996	312	3,040,500	314,154	1.000	314,154	10.33%
1997	300	3,523,600	318,040	1.000	318,040	9.03%
1998	288	5,077,800	489,861	1.000	489,861	9.65%
1999	276	4,981,900	418,115	1.000	418,115	8.39%
2000	264	2,876,400	165,080	1.000	165,080	5.74%
2001	252	2,919,300	176,945	1.000	176,945	6.06%
2002	240	3,787,200	140,698	1.000	140,698	3.72%
2003	228	3,228,400	105,570	1.000	105,570	3.27%
2004	216	3,222,300	208,825	1.005	209,869	6.51%
2005	204	4,276,300	59,080	1.010	59,672	1.40%
2006	192	6,010,800	183,295	1.020	186,984	3.11%
2007	180	7,837,300	640,918	1.030	660,355	8.43%
2008	168	2,498,700	188,007	1.046	196,614	7.87%
2009	156	1,953,000	272,405	1.070	291,428	14.92%
2010	144	2,729,100	386,465	1.097	423,790	15.53%
2011	132	1,217,200	217,960	1.151	250,961	20.62%
2012	120	3,680,200	569,920	1.220	695,584	18.90%
2013	108	2,804,900	169,495	1.294	219,280	7.82%
2014	96	2,718,000	666,326	1.397	931,005	34.25%
2015	84	3,797,800	233,165	1.607	374,651	9.86%
2016	72	5,690,600	631,876	1.928	1,218,361	21.41%
2017	60	6,196,000	1,092,065	2.507	2,737,387	44.18%
2018	48	4,678,200	791,721	3.635	2,877,583	61.51%
2019	36	5,276,700	35,800	7.451	266,743	5.06%
2020	24	3,844,000	112,261	24.588	2,760,275	71.81%
2021	12	6,403,200	0	116.793	0	0.00%

Notes:

- (1) From Alacra, Inc. for 1981 - 2004 and from Refinitiv US, LLC. for 2005 and subsequent
- (2) From Income Securities Investors, LLC.
- (3) Based on the selected development factors
- (4) = (2) x (3)
- (5) = (4) / (1)
- (6) Selected for 1981 - 1987
- (7) Selected for 1988 - 2008
- (8) Selected for 2009 - 2021

Weighted Average 1981-2019	14.65%
Weighted Average 1981-1987	32.59%
Weighted Average 1988-2008	6.91%
Weighted Average 2009-2019	25.25%
Arithmetic Average 1981-2019	16.39%
Arithmetic Average 1981-1987	33.72%
Arithmetic Average 1988-2008	7.10%
Arithmetic Average 2009-2019	23.10%

Prior Selected Initial Default Rate for 1981-1987	32.50%
Prior Selected Initial Default Rate for 1988-2008	6.75%
Prior Selected Initial Default Rate for 2009-2019	15.50%

(6) Selected Initial Default Rate for 1981-1987 **32.50%**

(7) Selected Initial Default Rate for 1988-2008 **7.00%**

(8) Selected Initial Default Rate for 2009-2021 **20.00%**

Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Nursing Homes  
Bornhuetter-Ferguson Method  
Based on Data as of June 30, 2022

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Issue Year	Exposure Base	Initial Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
1981	392,300	32.50%	127,498	0.0%	0	127,498	145,510	145,510	37.09%
1982	838,700	32.50%	272,578	0.0%	0	272,578	336,905	336,905	40.17%
1983	795,000	32.50%	258,375	0.0%	0	258,375	431,865	431,865	54.32%
1984	739,700	32.50%	240,403	0.0%	0	240,403	298,747	298,747	40.39%
1985	1,160,300	32.50%	377,098	0.0%	0	377,098	304,695	304,695	26.26%
1986	772,800	32.50%	251,160	0.0%	0	251,160	188,525	188,525	24.40%
1987	914,300	32.50%	297,148	0.0%	0	297,148	122,905	122,905	13.44%
1988	1,451,700	7.00%	101,619	0.0%	0	101,619	124,475	124,475	8.57%
1989	1,561,600	7.00%	109,312	0.0%	0	109,312	74,310	74,310	4.76%
1990	1,678,600	7.00%	117,502	0.0%	0	117,502	163,945	163,945	9.77%
1991	1,538,500	7.00%	107,695	0.0%	0	107,695	34,275	34,275	2.23%
1992	2,429,300	7.00%	170,051	0.0%	0	170,051	126,700	126,700	5.22%
1993	2,515,600	7.00%	176,092	0.0%	0	176,092	227,486	227,486	9.04%
1994	2,427,400	7.00%	169,918	0.0%	0	169,918	277,035	277,035	11.41%
1995	1,986,300	7.00%	139,041	0.0%	0	139,041	290,080	290,080	14.60%
1996	3,040,500	7.00%	212,835	0.0%	0	212,835	314,154	314,154	10.33%
1997	3,523,600	7.00%	246,652	0.0%	0	246,652	318,040	318,040	9.03%
1998	5,077,800	7.00%	355,446	0.0%	0	355,446	489,861	489,861	9.65%
1999	4,981,900	7.00%	348,733	0.0%	0	348,733	418,115	418,115	8.39%
2000	2,876,400	7.00%	201,348	0.0%	0	201,348	165,080	165,080	5.74%
2001	2,919,300	7.00%	204,351	0.0%	0	204,351	176,945	176,945	6.06%
2002	3,787,200	7.00%	265,104	0.0%	0	265,104	140,698	140,698	3.72%
2003	3,228,400	7.00%	225,988	0.0%	0	225,988	105,570	105,570	3.27%
2004	3,222,300	7.00%	225,561	0.5%	1,122	224,439	208,825	209,947	6.52%
2005	4,276,300	7.00%	299,341	1.0%	2,971	296,370	59,080	62,051	1.45%
2006	6,010,800	7.00%	420,756	2.0%	8,301	412,455	183,295	191,596	3.19%
2007	7,837,300	7.00%	548,611	2.9%	16,148	532,463	640,918	657,066	8.38%
2008	2,498,700	7.00%	174,909	4.4%	7,657	167,252	188,007	195,664	7.83%
2009	1,953,000	20.00%	390,600	6.5%	25,497	365,103	272,405	297,902	15.25%
2010	2,729,100	20.00%	545,820	8.8%	48,073	497,747	386,465	434,538	15.92%
2011	1,217,200	20.00%	243,440	13.1%	32,012	211,428	217,960	249,972	20.54%
2012	3,680,200	20.00%	736,040	18.1%	132,973	603,067	569,920	702,893	19.10%
2013	2,804,900	20.00%	560,980	22.7%	127,363	433,617	169,495	296,858	10.58%
2014	2,718,000	20.00%	543,600	28.4%	154,542	389,058	666,326	820,868	30.20%
2015	3,797,800	20.00%	759,560	37.8%	286,845	472,715	233,165	520,010	13.69%
2016	5,690,600	20.00%	1,138,120	48.1%	547,859	590,261	631,876	1,179,735	20.73%
2017	6,196,000	20.00%	1,239,200	60.1%	744,828	494,372	1,092,065	1,836,893	29.65%
2018	4,678,200	20.00%	935,640	72.5%	678,214	257,426	791,721	1,469,935	31.42%
2019	5,276,700	20.00%	1,055,340	86.6%	913,701	141,639	35,800	949,501	17.99%
2020	3,844,000	20.00%	768,800	95.9%	737,533	31,267	112,261	849,794	22.11%
2021	6,403,200	20.00%	1,280,640	99.1%	1,269,675	10,965	0	1,269,675	19.83%
<b>TOTALS</b>	<b>125,471,500</b>		<b>16,842,903</b>		<b>5,735,314</b>	<b>11,107,589</b>	<b>11,735,505</b>	<b>17,470,819</b>	<b>13.92%</b>

Notes:

- (1) From Alacra, Inc. for 1981 - 2004 and from Refinitiv US, LLC. for 2005 and subsequent
- (2) From Section III, Exhibit 2, Page 6, Row (6) to (8)
- (3) = (1) x (2)
- (4) Based on the selected development factors
- (5) = (3) x (4)
- (6) = (3) - (5)
- (7) From Income Securities Investors, LLC.
- (8) = (5) + (7)
- (9) = (8) / (1)



**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Loss Severity  
 Based on Data as of June 30, 2022**

	(1)	(2)	(3)	(4)
Facility Type	Income Securities Investors Data	Actual Cal-Mortgage Experience (Including Triad)	Prior Selected	Selected
Hospitals	70.6%	N/A	N/A	N/A
Nursing Home	63.9%	N/A	N/A	N/A
<b>TOTALS</b>	66.8%	66.4%	64.5%	<b>64.5%</b>

*Notes:*

- (1) From Income Securities Investors, LLC*
- (2) From Section III, Exhibit 3, Page 2*
- (3) From Cal-Mortgage Analysis at 6/30/2020*
- (4) Selected*

Office of Health Facility Loan Insurance  
 California Health Facility Construction loan Insurance program

Cal-Mortgage's Loss Severity (Actual Experience Including Triad)  
 Based on Data as of June 30, 2022

(1) Total Defaulted as of 6/30/2022	28,882,132
(2) Net Paid at 6/30/2022	4,455,181
(3) Sherman Oaks Original Loan Balance	182,230,000
(4) Loss on Current Defaults	215,567,312
(5) Net Paid on Resolved Loans	35,174,463
(6) Expected Recoveries on Resolved Loans	17,100,322
(7) Total Outlay	233,641,454
(8) Defaulted Original Loan Amount	36,445,000
(9) Resolved Original Loan Amount	315,655,805
(10) Total Loan Amount	352,100,805
(11) Indicated Loss Severity	66.4%

Notes:

- (1) From Section I, Exhibit 2
- (2) Provided by Cal-Mortgage
- (3) Provided by Cal-Mortgage
- (4) = (1) + (2) + (3);  
Including Triad (Sherman Oaks)  
Original Loan Balance
- (5) Provided by Cal-Mortgage
- (6) From Section I, Exhibits 4 and 5
- (7) = (4) + (5) + (6)
- (8) Provided by Cal-Mortgage
- (9) Provided by Cal-Mortgage
- (10) = (8) + (9)
- (11) = (7) / (10)

**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Cumulative Loss Payment Pattern  
 Based on Data as of June 30, 2022**

	(1)	(2)	(3)
Years From Default	Income Securities Investors Data	Prior Selection	Selected
0	21.1%	19.5%	<b>20.5%</b>
1	41.1%	41.0%	<b>41.0%</b>
2	68.8%	68.5%	<b>68.5%</b>
3	80.8%	80.5%	<b>80.5%</b>
4	91.3%	91.5%	<b>91.5%</b>
5	95.4%	95.5%	<b>95.5%</b>
6	97.3%	97.5%	<b>97.5%</b>
7	98.8%	98.5%	<b>98.5%</b>
8	99.3%	99.3%	<b>99.3%</b>
9	99.5%	99.5%	<b>99.5%</b>
10	99.7%	99.7%	<b>99.7%</b>
11	99.9%	99.9%	<b>99.9%</b>
12	100.0%	100.0%	<b>100.0%</b>
13	100.0%	100.0%	<b>100.0%</b>

*Notes:*

- (1) *From Income Securities Investors, LLC; based on selections in Section III, Exhibit 4, Page 2*
- (2) *From Cal-Mortgage Analysis at 6/30/2020*
- (3) *Selected*



Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Historical Termination Rate  
Based on Data as of June 30, 2022

Fiscal Year End	(1) Outstanding Balance	(2) Including Refinanced Loans		(4) Excluding Refinanced Loans	
		Terminated Loans	(3) Termination Rate	Terminated Loans	(5) Termination Rate
2002	1,166,847,458	66,072,545	5.7%	no data	
2003	1,244,637,412	66,600,000	5.4%	62,425,000	5.0%
2004	1,329,588,053	112,540,000	8.5%	55,965,000	4.2%
2005	1,260,565,324	140,022,148	11.1%	83,782,148	6.6%
2006	1,254,779,406	43,985,000	3.5%	34,830,000	2.8%
2007	1,132,647,525	152,015,000	13.4%	139,530,000	12.3%
2008	1,374,064,775	67,057,777	4.9%	56,362,777	4.1%
2009	1,655,191,905	63,009,971	3.8%	63,009,971	3.8%
2010	1,735,067,632	16,220,755	0.9%	9,720,755	0.6%
2011	1,810,529,285	102,687,212	5.7%	90,762,212	5.0%
2012	1,714,993,295	151,868,952	8.9%	102,558,952	6.0%
2013	1,726,980,115	391,406,790	22.7%	142,846,790	8.3%
2014	1,671,379,249	339,040,000	20.3%	233,550,000	14.0%
2015	1,773,230,552	103,506,653	5.8%	73,506,653	4.1%
2016	1,637,990,120	328,208,594	20.0%	63,823,594	3.9%
2017	1,590,800,080	415,480,000	26.1%	206,225,000	13.0%
2018	1,679,591,385	43,577,000	2.6%	35,117,000	2.1%
2019	1,816,496,274	38,485,000	2.1%	31,370,000	1.7%
2020	1,780,317,746	195,430,000	11.0%	25,805,000	1.4%
2021	1,661,201,598	336,115,000	20.2%	160,725,000	9.7%
2022	1,548,180,135	151,500,000	9.8%	119,205,000	7.7%
<b>TOTALS</b>	<b>32,565,079,324</b>	<b>3,324,828,397</b>	<b>10.2%</b>	<b>1,791,120,852</b>	<b>5.7%</b>

Estimated Termination Rate

Fiscal Year	(6) Termination Rate	(7) Termination Rate
7/1/2022-6/30/2023 and subsequent	7.5%	5.0%

Notes:

- (1) Provided by Cal-Mortgage
- (2) Provided by Cal-Mortgage
- (3) = (2) / (1)
- (4) Provided by Cal-Mortgage
- (5) = (4) / (1)
- (6) Selected
- (7) Selected

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Estimated Premium Rate**

Risk Category	(1) Weight	(2) Premium Rate
Below Investment Grade	70.0%	3.00%
Investment Grade	30.0%	1.85%

(3)	Combined	2.66%
(4)	Ratio of Principal & Interest to Principal for Current Borrower Portfolio	1.635
(5)	Effective Premium Rate as a Percent of the Principal	4.34%

**Notes:**

- (1) *Provided by Cal-Mortgage*
- (2) *From the Cal-Mortgage Loan Insurance Premium Fee Schedule*
- (3) *Sum of column (2) weighted by column (1)*
- (4) *Based on active loan information from Cal-Mortgage*
- (5) *= (3) x (4)*

**Office of Health Facility Loan Insurance**  
**California Health Facility Construction Loan Insurance Program**  
**Estimated Amount of Loan Default by Fiscal Year - New Loans Insured**  
**Baseline Scenario**  
**Based on Data as of June 30, 2022**

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	3.16%	8,996,280	396	100%	7/1/2022-6/30/2023	18,052,727
7/1/1990-6/30/1991	502,627,148	3.16%	15,861,979	384	100%	7/1/2023-6/30/2024	16,914,908
7/1/1991-6/30/1992	340,350,000	3.16%	10,740,814	372	100%	7/1/2024-6/30/2025	15,419,055
7/1/1992-6/30/1993	425,234,203	3.16%	13,419,602	360	100%	7/1/2025-6/30/2026	14,574,225
7/1/1993-6/30/1994	269,577,356	3.16%	8,507,361	348	100%	7/1/2026-6/30/2027	13,937,602
7/1/1994-6/30/1995	86,855,000	3.16%	2,740,983	336	100%	7/1/2027-6/30/2028	13,278,446
7/1/1995-6/30/1996	122,845,000	3.16%	3,876,760	324	100%	7/1/2028-6/30/2029	12,898,008
7/1/1996-6/30/1997	96,845,000	3.16%	3,056,248	312	100%	7/1/2029-6/30/2030	12,550,123
7/1/1997-6/30/1998	288,615,000	3.16%	9,108,153	300	100%	7/1/2030-6/30/2031	12,235,061
7/1/1998-6/30/1999	30,100,000	3.16%	949,900	288	100%	7/1/2031-6/30/2032	11,955,927
7/1/1999-6/30/2000	135,160,000	3.16%	4,265,399	276	100%	7/1/2032-6/30/2033	12,040,378
7/1/2000-6/30/2001	153,995,000	3.16%	4,859,796	264	100%	7/1/2033-6/30/2034	12,071,933
7/1/2001-6/30/2002	183,335,000	3.16%	5,785,712	252	100%	7/1/2034-6/30/2035	12,154,389
7/1/2002-6/30/2003	157,890,000	3.16%	4,982,715	240	100%	7/1/2035-6/30/2036	12,263,326
7/1/2003-6/30/2004	198,201,000	3.16%	6,254,855	228	100%	7/1/2036-6/30/2037	12,480,148
7/1/2004-6/30/2005	47,200,000	3.16%	1,489,544	216	100%	7/1/2037-6/30/2038	12,790,943
7/1/2005-6/30/2006	68,565,000	3.16%	2,163,784	204	99%	7/1/2038-6/30/2039	13,069,382
7/1/2006-6/30/2007	26,224,359	3.16%	827,592	192	98%	7/1/2039-6/30/2040	13,439,284
7/1/2007-6/30/2008	332,810,000	3.16%	10,502,866	180	97%	7/1/2040-6/30/2041	13,837,469
7/1/2008-6/30/2009	354,360,000	3.16%	11,182,944	168	96%	7/1/2041-6/30/2042	14,185,636
7/1/2009-6/30/2010	135,035,000	8.69%	11,728,121	156	93%	7/1/2042-6/30/2043	14,454,232
7/1/2010-6/30/2011	190,190,000	8.69%	16,518,467	144	91%	7/1/2043-6/30/2044	14,688,292
7/1/2011-6/30/2012	55,860,000	8.69%	4,851,578	132	87%	7/1/2044-6/30/2045	14,897,734
7/1/2012-6/30/2013	361,555,000	8.69%	31,401,937	120	82%	7/1/2045-6/30/2046	15,044,497
7/1/2013-6/30/2014	258,081,893	8.69%	22,415,045	108	77%	7/1/2046-6/30/2047	15,149,529
7/1/2014-6/30/2015	241,145,000	8.69%	20,944,034	96	72%	7/1/2047-6/30/2048	15,250,845
7/1/2015-6/30/2016	263,524,235	8.69%	22,887,725	84	62%	7/1/2048-6/30/2049	15,335,047
7/1/2016-6/30/2017	374,545,000	8.69%	32,530,151	72	52%	7/1/2049-6/30/2050	15,379,013
7/1/2017-6/30/2018	238,740,000	8.69%	20,735,154	60	40%	7/1/2050-6/30/2051	15,421,309
7/1/2018-6/30/2019	192,050,000	8.69%	16,680,013	48	28%	7/1/2051-6/30/2052	15,447,439
7/1/2019-6/30/2020	167,700,000	8.69%	14,565,156	36	13%		
7/1/2020-6/30/2021	75,780,000	8.69%	6,581,679	24	4%		
7/1/2021-6/30/2022	113,320,000	8.69%	9,842,120	12	1%		
7/1/2022-6/30/2023	155,000,000	7.56%	11,724,593		0%		
7/1/2023-6/30/2024	155,000,000	7.19%	11,145,855		0%		
7/1/2024-6/30/2025	155,000,000	6.77%	10,489,999		0%		
7/1/2025-6/30/2026	170,000,000	6.82%	11,585,622		0%		
7/1/2026-6/30/2027	170,000,000	6.83%	11,612,245		0%		
7/1/2027-6/30/2028	170,000,000	6.84%	11,626,243		0%		
7/1/2028-6/30/2029	170,000,000	6.85%	11,645,147		0%		
7/1/2029-6/30/2030	170,000,000	6.85%	11,637,262		0%		
7/1/2030-6/30/2031	187,000,000	6.85%	12,813,325		0%		
7/1/2031-6/30/2032	187,000,000	6.85%	12,813,167		0%		
7/1/2032-6/30/2033	187,000,000	6.86%	12,819,704		0%		
7/1/2033-6/30/2034	187,000,000	6.86%	12,820,444		0%		
7/1/2034-6/30/2035	206,000,000	6.86%	14,121,566		0%		
7/1/2035-6/30/2036	206,000,000	6.86%	14,121,691		0%		
7/1/2036-6/30/2037	206,000,000	6.86%	14,121,317		0%		
7/1/2037-6/30/2038	226,000,000	6.86%	15,494,426		0%		
7/1/2038-6/30/2039	226,000,000	6.86%	15,494,795		0%		
7/1/2039-6/30/2040	226,000,000	6.86%	15,494,737		0%		
7/1/2040-6/30/2041	226,000,000	6.86%	15,494,052		0%		
7/1/2041-6/30/2042	226,000,000	6.86%	15,493,755		0%		
7/1/2042-6/30/2043	226,000,000	6.86%	15,494,135		0%		
7/1/2043-6/30/2044	226,000,000	6.86%	15,494,477		0%		
7/1/2044-6/30/2045	226,000,000	6.86%	15,494,625		0%		
7/1/2045-6/30/2046	226,000,000	6.86%	15,494,389		0%		
7/1/2046-6/30/2047	226,000,000	6.86%	15,494,189		0%		
7/1/2047-6/30/2048	226,000,000	6.86%	15,494,181		0%		
7/1/2048-6/30/2049	226,000,000	6.86%	15,494,321		0%		
7/1/2049-6/30/2050	226,000,000	6.86%	15,494,436		0%		
7/1/2050-6/30/2051	226,000,000	6.86%	15,494,411		0%		
7/1/2051-6/30/2052	226,000,000	6.86%	15,494,325		0%		

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured  
Baseline Scenario  
Based on Data as of June 30, 2022**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2022-6/30/2023	18,052,727	64.5%	11,644,009	2,387,022
7/1/2023-6/30/2024	16,914,908	64.5%	10,910,115	4,623,595
7/1/2024-6/30/2025	15,419,055	64.5%	9,945,290	7,477,461
7/1/2025-6/30/2026	14,574,225	64.5%	9,400,375	8,363,424
7/1/2026-6/30/2027	13,937,602	64.5%	8,989,753	9,094,986
7/1/2027-6/30/2028	13,278,446	64.5%	8,564,598	9,043,053
7/1/2028-6/30/2029	12,898,008	64.5%	8,319,215	8,824,676
7/1/2029-6/30/2030	12,550,123	64.5%	8,094,829	8,565,409
7/1/2030-6/30/2031	12,235,061	64.5%	7,891,614	8,358,804
7/1/2031-6/30/2032	11,955,927	64.5%	7,711,573	8,122,762
7/1/2032-6/30/2033	12,040,378	64.5%	7,766,044	7,970,652
7/1/2033-6/30/2034	12,071,933	64.5%	7,786,397	7,880,518
7/1/2034-6/30/2035	12,154,389	64.5%	7,839,581	7,852,351
7/1/2035-6/30/2036	12,263,326	64.5%	7,909,846	7,846,941
7/1/2036-6/30/2037	12,480,148	64.5%	8,049,695	7,893,875
7/1/2037-6/30/2038	12,790,943	64.5%	8,250,159	7,983,626
7/1/2038-6/30/2039	13,069,382	64.5%	8,429,752	8,110,556
7/1/2039-6/30/2040	13,439,284	64.5%	8,668,338	8,275,789
7/1/2040-6/30/2041	13,837,469	64.5%	8,925,167	8,469,229
7/1/2041-6/30/2042	14,185,636	64.5%	9,149,735	8,683,941
7/1/2042-6/30/2043	14,454,232	64.5%	9,322,980	8,896,036
7/1/2043-6/30/2044	14,688,292	64.5%	9,473,949	9,094,549
7/1/2044-6/30/2045	14,897,734	64.5%	9,609,038	9,272,634
7/1/2045-6/30/2046	15,044,497	64.5%	9,703,700	9,425,733
7/1/2046-6/30/2047	15,149,529	64.5%	9,771,446	9,552,165
7/1/2047-6/30/2048	15,250,845	64.5%	9,836,795	9,655,307
7/1/2048-6/30/2049	15,335,047	64.5%	9,891,105	9,739,868
7/1/2049-6/30/2050	15,379,013	64.5%	9,919,463	9,806,831
7/1/2050-6/30/2051	15,421,309	64.5%	9,946,744	9,859,469
7/1/2051-6/30/2052	15,447,439	64.5%	9,963,598	9,898,731

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Estimated Amount of Loan Default by Fiscal Year - No New Loans Insured (Runoff)  
Baseline Scenario  
Based on Data as of June 30, 2022**

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	3.16%	8,996,280	396	100%	7/1/2022-6/30/2023	17,020,667
7/1/1990-6/30/1991	502,627,148	3.16%	15,861,979	384	100%	7/1/2023-6/30/2024	14,594,869
7/1/1991-6/30/1992	340,350,000	3.16%	10,740,814	372	100%	7/1/2024-6/30/2025	11,672,776
7/1/1992-6/30/1993	425,234,203	3.16%	13,419,602	360	100%	7/1/2025-6/30/2026	9,437,083
7/1/1993-6/30/1994	269,577,356	3.16%	8,507,361	348	100%	7/1/2026-6/30/2027	7,601,983
7/1/1994-6/30/1995	86,855,000	3.16%	2,740,983	336	100%	7/1/2027-6/30/2028	5,825,534
7/1/1995-6/30/1996	122,845,000	3.16%	3,876,760	324	100%	7/1/2028-6/30/2029	4,561,587
7/1/1996-6/30/1997	96,845,000	3.16%	3,056,248	312	100%	7/1/2029-6/30/2030	3,543,316
7/1/1997-6/30/1998	288,615,000	3.16%	9,108,153	300	100%	7/1/2030-6/30/2031	2,619,775
7/1/1998-6/30/1999	30,100,000	3.16%	949,900	288	100%	7/1/2031-6/30/2032	1,743,355
7/1/1999-6/30/2000	135,160,000	3.16%	4,265,399	276	100%	7/1/2032-6/30/2033	1,290,013
7/1/2000-6/30/2001	153,995,000	3.16%	4,859,796	264	100%	7/1/2033-6/30/2034	848,970
7/1/2001-6/30/2002	183,335,000	3.16%	5,785,712	252	100%	7/1/2034-6/30/2035	569,362
7/1/2002-6/30/2003	157,890,000	3.16%	4,982,715	240	100%	7/1/2035-6/30/2036	328,510
7/1/2003-6/30/2004	198,201,000	3.16%	6,254,855	228	100%	7/1/2036-6/30/2037	155,088
7/1/2004-6/30/2005	47,200,000	3.16%	1,489,544	216	100%	7/1/2037-6/30/2038	72,463
7/1/2005-6/30/2006	68,565,000	3.16%	2,163,784	204	99%	7/1/2038-6/30/2039	0
7/1/2006-6/30/2007	26,224,359	3.16%	827,592	192	98%	7/1/2039-6/30/2040	0
7/1/2007-6/30/2008	332,810,000	3.16%	10,502,866	180	97%	7/1/2040-6/30/2041	0
7/1/2008-6/30/2009	354,360,000	3.16%	11,182,944	168	96%	7/1/2041-6/30/2042	0
7/1/2009-6/30/2010	135,035,000	8.69%	11,728,121	156	93%	7/1/2042-6/30/2043	0
7/1/2010-6/30/2011	190,190,000	8.69%	16,518,467	144	91%	7/1/2043-6/30/2044	0
7/1/2011-6/30/2012	55,860,000	8.69%	4,851,578	132	87%	7/1/2044-6/30/2045	0
7/1/2012-6/30/2013	361,555,000	8.69%	31,401,937	120	82%	7/1/2045-6/30/2046	0
7/1/2013-6/30/2014	258,081,893	8.69%	22,415,045	108	77%	7/1/2046-6/30/2047	0
7/1/2014-6/30/2015	241,145,000	8.69%	20,944,034	96	72%	7/1/2047-6/30/2048	0
7/1/2015-6/30/2016	263,524,235	8.69%	22,887,725	84	62%	7/1/2048-6/30/2049	0
7/1/2016-6/30/2017	374,545,000	8.69%	32,530,151	72	52%	7/1/2049-6/30/2050	0
7/1/2017-6/30/2018	238,740,000	8.69%	20,735,154	60	40%	7/1/2050-6/30/2051	0
7/1/2018-6/30/2019	192,050,000	8.69%	16,680,013	48	28%	7/1/2051-6/30/2052	0
7/1/2019-6/30/2020	167,700,000	8.69%	14,565,156	36	13%		
7/1/2020-6/30/2021	75,780,000	8.69%	6,581,679	24	4%		
7/1/2021-6/30/2022	113,320,000	8.69%	9,842,120	12	1%		

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Estimated Loss Payment for Future Default by Fiscal Year - No New Loans Insured (Runoff)  
Baseline Scenario  
Based on Data as of June 30, 2022**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2022-6/30/2023	17,020,667	64.5%	10,978,330	2,250,558
7/1/2023-6/30/2024	14,594,869	64.5%	9,413,690	4,180,364
7/1/2024-6/30/2025	11,672,776	64.5%	7,528,940	6,492,280
7/1/2025-6/30/2026	9,437,083	64.5%	6,086,919	6,697,416
7/1/2026-6/30/2027	7,601,983	64.5%	4,903,279	6,660,708
7/1/2027-6/30/2028	5,825,534	64.5%	3,757,469	5,827,468
7/1/2028-6/30/2029	4,561,587	64.5%	2,942,223	4,876,567
7/1/2029-6/30/2030	3,543,316	64.5%	2,285,439	3,962,144
7/1/2030-6/30/2031	2,619,775	64.5%	1,689,755	3,190,302
7/1/2031-6/30/2032	1,743,355	64.5%	1,124,464	2,462,224
7/1/2032-6/30/2033	1,290,013	64.5%	832,058	1,873,916
7/1/2033-6/30/2034	848,970	64.5%	547,586	1,392,632
7/1/2034-6/30/2035	569,362	64.5%	367,239	1,021,264
7/1/2035-6/30/2036	328,510	64.5%	211,889	712,078
7/1/2036-6/30/2037	155,088	64.5%	100,032	484,361
7/1/2037-6/30/2038	72,463	64.5%	46,739	312,906
7/1/2038-6/30/2039	0	64.5%	0	189,094
7/1/2039-6/30/2040	0	64.5%	0	108,715
7/1/2040-6/30/2041	0	64.5%	0	57,706
7/1/2041-6/30/2042	0	64.5%	0	31,011
7/1/2042-6/30/2043	0	64.5%	0	15,625
7/1/2043-6/30/2044	0	64.5%	0	8,248
7/1/2044-6/30/2045	0	64.5%	0	4,353
7/1/2045-6/30/2046	0	64.5%	0	2,280
7/1/2046-6/30/2047	0	64.5%	0	1,085
7/1/2047-6/30/2048	0	64.5%	0	505
7/1/2048-6/30/2049	0	64.5%	0	194
7/1/2049-6/30/2050	0	64.5%	0	47
7/1/2050-6/30/2051	0	64.5%	0	0
7/1/2051-6/30/2052	0	64.5%	0	0

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Estimated Amount of Loan Default by Fiscal Year - New Loans Insured  
Scenario 1: 150 Basis Points Increase  
Based on Data as of June 30, 2022**

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	4.66%	13,272,330	396	100%	7/1/2022-6/30/2023	21,260,447
7/1/1990-6/30/1991	502,627,148	4.66%	23,401,387	384	100%	7/1/2023-6/30/2024	19,917,783
7/1/1991-6/30/1992	340,350,000	4.66%	15,846,064	372	100%	7/1/2024-6/30/2025	18,177,491
7/1/1992-6/30/1993	425,234,203	4.66%	19,798,115	360	100%	7/1/2025-6/30/2026	17,224,747
7/1/1993-6/30/1994	269,577,356	4.66%	12,551,021	348	100%	7/1/2026-6/30/2027	16,525,391
7/1/1994-6/30/1995	86,855,000	4.66%	4,043,808	336	100%	7/1/2027-6/30/2028	15,802,989
7/1/1995-6/30/1996	122,845,000	4.66%	5,719,435	324	100%	7/1/2028-6/30/2029	15,418,466
7/1/1996-6/30/1997	96,845,000	4.66%	4,508,923	312	100%	7/1/2029-6/30/2030	15,065,899
7/1/1997-6/30/1998	288,615,000	4.66%	13,437,378	300	100%	7/1/2030-6/30/2031	14,738,240
7/1/1998-6/30/1999	30,100,000	4.66%	1,401,400	288	100%	7/1/2031-6/30/2032	14,445,307
7/1/1999-6/30/2000	135,160,000	4.66%	6,292,799	276	100%	7/1/2032-6/30/2033	14,577,423
7/1/2000-6/30/2001	153,995,000	4.66%	7,169,721	264	100%	7/1/2033-6/30/2034	14,646,049
7/1/2001-6/30/2002	183,335,000	4.66%	8,535,737	252	100%	7/1/2034-6/30/2035	14,767,326
7/1/2002-6/30/2003	157,890,000	4.66%	7,351,065	240	100%	7/1/2035-6/30/2036	14,917,947
7/1/2003-6/30/2004	198,201,000	4.66%	9,227,870	228	100%	7/1/2036-6/30/2037	15,193,273
7/1/2004-6/30/2005	47,200,000	4.66%	2,197,544	216	100%	7/1/2037-6/30/2038	15,578,680
7/1/2005-6/30/2006	68,565,000	4.66%	3,192,259	204	99%	7/1/2038-6/30/2039	15,923,531
7/1/2006-6/30/2007	26,224,359	4.66%	1,220,957	192	98%	7/1/2039-6/30/2040	16,376,555
7/1/2007-6/30/2008	332,810,000	4.66%	15,495,016	180	97%	7/1/2040-6/30/2041	16,864,409
7/1/2008-6/30/2009	354,360,000	4.66%	16,498,344	168	96%	7/1/2041-6/30/2042	17,289,603
7/1/2009-6/30/2010	135,035,000	10.19%	13,753,646	156	93%	7/1/2042-6/30/2043	17,617,350
7/1/2010-6/30/2011	190,190,000	10.19%	19,371,317	144	91%	7/1/2043-6/30/2044	17,902,347
7/1/2011-6/30/2012	55,860,000	10.19%	5,689,478	132	87%	7/1/2044-6/30/2045	18,157,463
7/1/2012-6/30/2013	361,555,000	10.19%	36,825,262	120	82%	7/1/2045-6/30/2046	18,336,254
7/1/2013-6/30/2014	258,081,893	10.19%	26,286,273	108	77%	7/1/2046-6/30/2047	18,464,197
7/1/2014-6/30/2015	241,145,000	10.19%	24,561,209	96	72%	7/1/2047-6/30/2048	18,587,650
7/1/2015-6/30/2016	263,524,235	10.19%	26,840,589	84	62%	7/1/2048-6/30/2049	18,690,236
7/1/2016-6/30/2017	374,545,000	10.19%	38,148,326	72	52%	7/1/2049-6/30/2050	18,743,807
7/1/2017-6/30/2018	238,740,000	10.19%	24,316,254	60	40%	7/1/2050-6/30/2051	18,795,347
7/1/2018-6/30/2019	192,050,000	10.19%	19,560,763	48	28%	7/1/2051-6/30/2052	18,827,191
7/1/2019-6/30/2020	167,700,000	10.19%	17,080,656	36	13%		
7/1/2020-6/30/2021	75,780,000	10.19%	7,718,379	24	4%		
7/1/2021-6/30/2022	113,320,000	10.19%	11,541,920	12	1%		
7/1/2022-6/30/2023	155,000,000	9.06%	14,049,593		0%		
7/1/2023-6/30/2024	155,000,000	8.69%	13,470,855		0%		
7/1/2024-6/30/2025	155,000,000	8.27%	12,814,999		0%		
7/1/2025-6/30/2026	170,000,000	8.32%	14,135,622		0%		
7/1/2026-6/30/2027	170,000,000	8.33%	14,162,245		0%		
7/1/2027-6/30/2028	170,000,000	8.34%	14,176,243		0%		
7/1/2028-6/30/2029	170,000,000	8.35%	14,195,147		0%		
7/1/2029-6/30/2030	170,000,000	8.35%	14,187,262		0%		
7/1/2030-6/30/2031	187,000,000	8.35%	15,618,325		0%		
7/1/2031-6/30/2032	187,000,000	8.35%	15,618,167		0%		
7/1/2032-6/30/2033	187,000,000	8.36%	15,624,704		0%		
7/1/2033-6/30/2034	187,000,000	8.36%	15,625,444		0%		
7/1/2034-6/30/2035	206,000,000	8.36%	17,211,566		0%		
7/1/2035-6/30/2036	206,000,000	8.36%	17,211,691		0%		
7/1/2036-6/30/2037	206,000,000	8.36%	17,211,317		0%		
7/1/2037-6/30/2038	226,000,000	8.36%	18,884,426		0%		
7/1/2038-6/30/2039	226,000,000	8.36%	18,884,795		0%		
7/1/2039-6/30/2040	226,000,000	8.36%	18,884,737		0%		
7/1/2040-6/30/2041	226,000,000	8.36%	18,884,052		0%		
7/1/2041-6/30/2042	226,000,000	8.36%	18,883,755		0%		
7/1/2042-6/30/2043	226,000,000	8.36%	18,884,135		0%		
7/1/2043-6/30/2044	226,000,000	8.36%	18,884,477		0%		
7/1/2044-6/30/2045	226,000,000	8.36%	18,884,625		0%		
7/1/2045-6/30/2046	226,000,000	8.36%	18,884,389		0%		
7/1/2046-6/30/2047	226,000,000	8.36%	18,884,189		0%		
7/1/2047-6/30/2048	226,000,000	8.36%	18,884,181		0%		
7/1/2048-6/30/2049	226,000,000	8.36%	18,884,321		0%		
7/1/2049-6/30/2050	226,000,000	8.36%	18,884,436		0%		
7/1/2050-6/30/2051	226,000,000	8.36%	18,884,411		0%		
7/1/2051-6/30/2052	226,000,000	8.36%	18,884,325		0%		

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured  
Scenario 1: 150 Basis Points Increase  
Based on Data as of June 30, 2022**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2022-6/30/2023	21,260,447	64.5%	13,712,988	2,811,163
7/1/2023-6/30/2024	19,917,783	64.5%	12,846,970	5,444,791
7/1/2024-6/30/2025	18,177,491	64.5%	11,724,482	8,808,219
7/1/2025-6/30/2026	17,224,747	64.5%	11,109,962	9,859,536
7/1/2026-6/30/2027	16,525,391	64.5%	10,658,877	10,736,909
7/1/2027-6/30/2028	15,802,989	64.5%	10,192,928	10,698,484
7/1/2028-6/30/2029	15,418,466	64.5%	9,944,911	10,470,475
7/1/2029-6/30/2030	15,065,899	64.5%	9,717,505	10,198,060
7/1/2030-6/30/2031	14,738,240	64.5%	9,506,165	9,988,392
7/1/2031-6/30/2032	14,445,307	64.5%	9,317,223	9,741,721
7/1/2032-6/30/2033	14,577,423	64.5%	9,402,438	9,590,677
7/1/2033-6/30/2034	14,646,049	64.5%	9,446,702	9,509,668
7/1/2034-6/30/2035	14,767,326	64.5%	9,524,925	9,498,473
7/1/2035-6/30/2036	14,917,947	64.5%	9,622,076	9,511,588
7/1/2036-6/30/2037	15,193,273	64.5%	9,799,661	9,583,877
7/1/2037-6/30/2038	15,578,680	64.5%	10,048,249	9,704,968
7/1/2038-6/30/2039	15,923,531	64.5%	10,270,678	9,868,185
7/1/2039-6/30/2040	16,376,555	64.5%	10,562,878	10,075,558
7/1/2040-6/30/2041	16,864,409	64.5%	10,877,544	10,315,570
7/1/2041-6/30/2042	17,289,603	64.5%	11,151,794	10,580,014
7/1/2042-6/30/2043	17,617,350	64.5%	11,363,191	10,840,398
7/1/2043-6/30/2044	17,902,347	64.5%	11,547,014	11,083,388
7/1/2044-6/30/2045	18,157,463	64.5%	11,711,563	11,301,029
7/1/2045-6/30/2046	18,336,254	64.5%	11,826,884	11,487,883
7/1/2046-6/30/2047	18,464,197	64.5%	11,909,407	11,642,094
7/1/2047-6/30/2048	18,587,650	64.5%	11,989,035	11,767,834
7/1/2048-6/30/2049	18,690,236	64.5%	12,055,202	11,870,899
7/1/2049-6/30/2050	18,743,807	64.5%	12,089,756	11,952,506
7/1/2050-6/30/2051	18,795,347	64.5%	12,122,999	12,016,652
7/1/2051-6/30/2052	18,827,191	64.5%	12,143,538	12,064,495

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Estimated Amount of Loan Default by Fiscal Year - New Loans Insured  
Scenario 2: 300 Basis Points Increase  
Based on Data as of June 30, 2022**

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	6.16%	17,548,380	396	100%	7/1/2022-6/30/2023	24,468,167
7/1/1990-6/30/1991	502,627,148	6.16%	30,940,794	384	100%	7/1/2023-6/30/2024	22,920,658
7/1/1991-6/30/1992	340,350,000	6.16%	20,951,314	372	100%	7/1/2024-6/30/2025	20,935,927
7/1/1992-6/30/1993	425,234,203	6.16%	26,176,628	360	100%	7/1/2025-6/30/2026	19,875,269
7/1/1993-6/30/1994	269,577,356	6.16%	16,594,681	348	100%	7/1/2026-6/30/2027	19,113,179
7/1/1994-6/30/1995	86,855,000	6.16%	5,346,633	336	100%	7/1/2027-6/30/2028	18,327,532
7/1/1995-6/30/1996	122,845,000	6.16%	7,562,110	324	100%	7/1/2028-6/30/2029	17,938,924
7/1/1996-6/30/1997	96,845,000	6.16%	5,961,598	312	100%	7/1/2029-6/30/2030	17,581,675
7/1/1997-6/30/1998	288,615,000	6.16%	17,766,603	300	100%	7/1/2030-6/30/2031	17,241,420
7/1/1998-6/30/1999	30,100,000	6.16%	1,852,900	288	100%	7/1/2031-6/30/2032	16,934,687
7/1/1999-6/30/2000	135,160,000	6.16%	8,320,199	276	100%	7/1/2032-6/30/2033	17,114,468
7/1/2000-6/30/2001	153,995,000	6.16%	9,479,646	264	100%	7/1/2033-6/30/2034	17,220,166
7/1/2001-6/30/2002	183,335,000	6.16%	11,285,762	252	100%	7/1/2034-6/30/2035	17,380,262
7/1/2002-6/30/2003	157,890,000	6.16%	9,719,415	240	100%	7/1/2035-6/30/2036	17,572,568
7/1/2003-6/30/2004	198,201,000	6.16%	12,200,885	228	100%	7/1/2036-6/30/2037	17,906,398
7/1/2004-6/30/2005	47,200,000	6.16%	2,905,544	216	100%	7/1/2037-6/30/2038	18,366,416
7/1/2005-6/30/2006	68,565,000	6.16%	4,220,734	204	99%	7/1/2038-6/30/2039	18,777,680
7/1/2006-6/30/2007	26,224,359	6.16%	1,614,323	192	98%	7/1/2039-6/30/2040	19,313,826
7/1/2007-6/30/2008	332,810,000	6.16%	20,487,166	180	97%	7/1/2040-6/30/2041	19,891,348
7/1/2008-6/30/2009	354,360,000	6.16%	21,813,744	168	96%	7/1/2041-6/30/2042	20,393,571
7/1/2009-6/30/2010	135,035,000	11.69%	15,779,171	156	93%	7/1/2042-6/30/2043	20,780,468
7/1/2010-6/30/2011	190,190,000	11.69%	22,224,167	144	91%	7/1/2043-6/30/2044	21,116,402
7/1/2011-6/30/2012	55,860,000	11.69%	6,527,378	132	87%	7/1/2044-6/30/2045	21,417,192
7/1/2012-6/30/2013	361,555,000	11.69%	42,248,587	120	82%	7/1/2045-6/30/2046	21,628,011
7/1/2013-6/30/2014	258,081,893	11.69%	30,157,501	108	77%	7/1/2046-6/30/2047	21,778,864
7/1/2014-6/30/2015	241,145,000	11.69%	28,178,384	96	72%	7/1/2047-6/30/2048	21,924,456
7/1/2015-6/30/2016	263,524,235	11.69%	30,793,452	84	62%	7/1/2048-6/30/2049	22,045,425
7/1/2016-6/30/2017	374,545,000	11.69%	43,766,501	72	52%	7/1/2049-6/30/2050	22,108,602
7/1/2017-6/30/2018	238,740,000	11.69%	27,897,354	60	40%	7/1/2050-6/30/2051	22,169,385
7/1/2018-6/30/2019	192,050,000	11.69%	22,441,513	48	28%	7/1/2051-6/30/2052	22,206,943
7/1/2019-6/30/2020	167,700,000	11.69%	19,596,156	36	13%		
7/1/2020-6/30/2021	75,780,000	11.69%	8,855,079	24	4%		
7/1/2021-6/30/2022	113,320,000	11.69%	13,241,720	12	1%		
7/1/2022-6/30/2023	155,000,000	10.56%	16,374,593		0%		
7/1/2023-6/30/2024	155,000,000	10.19%	15,795,855		0%		
7/1/2024-6/30/2025	155,000,000	9.77%	15,139,999		0%		
7/1/2025-6/30/2026	170,000,000	9.82%	16,685,622		0%		
7/1/2026-6/30/2027	170,000,000	9.83%	16,712,245		0%		
7/1/2027-6/30/2028	170,000,000	9.84%	16,726,243		0%		
7/1/2028-6/30/2029	170,000,000	9.85%	16,745,147		0%		
7/1/2029-6/30/2030	170,000,000	9.85%	16,737,262		0%		
7/1/2030-6/30/2031	187,000,000	9.85%	18,423,325		0%		
7/1/2031-6/30/2032	187,000,000	9.85%	18,423,167		0%		
7/1/2032-6/30/2033	187,000,000	9.86%	18,429,704		0%		
7/1/2033-6/30/2034	187,000,000	9.86%	18,430,444		0%		
7/1/2034-6/30/2035	206,000,000	9.86%	20,301,566		0%		
7/1/2035-6/30/2036	206,000,000	9.86%	20,301,691		0%		
7/1/2036-6/30/2037	206,000,000	9.86%	20,301,317		0%		
7/1/2037-6/30/2038	226,000,000	9.86%	22,274,426		0%		
7/1/2038-6/30/2039	226,000,000	9.86%	22,274,795		0%		
7/1/2039-6/30/2040	226,000,000	9.86%	22,274,737		0%		
7/1/2040-6/30/2041	226,000,000	9.86%	22,274,052		0%		
7/1/2041-6/30/2042	226,000,000	9.86%	22,273,755		0%		
7/1/2042-6/30/2043	226,000,000	9.86%	22,274,135		0%		
7/1/2043-6/30/2044	226,000,000	9.86%	22,274,477		0%		
7/1/2044-6/30/2045	226,000,000	9.86%	22,274,625		0%		
7/1/2045-6/30/2046	226,000,000	9.86%	22,274,389		0%		
7/1/2046-6/30/2047	226,000,000	9.86%	22,274,189		0%		
7/1/2047-6/30/2048	226,000,000	9.86%	22,274,181		0%		
7/1/2048-6/30/2049	226,000,000	9.86%	22,274,321		0%		
7/1/2049-6/30/2050	226,000,000	9.86%	22,274,436		0%		
7/1/2050-6/30/2051	226,000,000	9.86%	22,274,411		0%		
7/1/2051-6/30/2052	226,000,000	9.86%	22,274,325		0%		

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured  
Scenario 2: 300 Basis Points Increase  
Based on Data as of June 30, 2022**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2022-6/30/2023	24,468,167	64.5%	15,781,968	3,235,303
7/1/2023-6/30/2024	22,920,658	64.5%	14,783,824	6,265,987
7/1/2024-6/30/2025	20,935,927	64.5%	13,503,673	10,138,978
7/1/2025-6/30/2026	19,875,269	64.5%	12,819,548	11,355,648
7/1/2026-6/30/2027	19,113,179	64.5%	12,328,000	12,378,833
7/1/2027-6/30/2028	18,327,532	64.5%	11,821,258	12,353,914
7/1/2028-6/30/2029	17,938,924	64.5%	11,570,606	12,116,274
7/1/2029-6/30/2030	17,581,675	64.5%	11,340,180	11,830,711
7/1/2030-6/30/2031	17,241,420	64.5%	11,120,716	11,617,981
7/1/2031-6/30/2032	16,934,687	64.5%	10,922,873	11,360,679
7/1/2032-6/30/2033	17,114,468	64.5%	11,038,832	11,210,701
7/1/2033-6/30/2034	17,220,166	64.5%	11,107,007	11,138,817
7/1/2034-6/30/2035	17,380,262	64.5%	11,210,269	11,144,596
7/1/2035-6/30/2036	17,572,568	64.5%	11,334,307	11,176,235
7/1/2036-6/30/2037	17,906,398	64.5%	11,549,627	11,273,880
7/1/2037-6/30/2038	18,366,416	64.5%	11,846,339	11,426,309
7/1/2038-6/30/2039	18,777,680	64.5%	12,111,604	11,625,815
7/1/2039-6/30/2040	19,313,826	64.5%	12,457,418	11,875,328
7/1/2040-6/30/2041	19,891,348	64.5%	12,829,920	12,161,911
7/1/2041-6/30/2042	20,393,571	64.5%	13,153,853	12,476,088
7/1/2042-6/30/2043	20,780,468	64.5%	13,403,402	12,784,761
7/1/2043-6/30/2044	21,116,402	64.5%	13,620,079	13,072,226
7/1/2044-6/30/2045	21,417,192	64.5%	13,814,089	13,329,425
7/1/2045-6/30/2046	21,628,011	64.5%	13,950,067	13,550,033
7/1/2046-6/30/2047	21,778,864	64.5%	14,047,368	13,732,023
7/1/2047-6/30/2048	21,924,456	64.5%	14,141,274	13,880,360
7/1/2048-6/30/2049	22,045,425	64.5%	14,219,299	14,001,931
7/1/2049-6/30/2050	22,108,602	64.5%	14,260,048	14,098,182
7/1/2050-6/30/2051	22,169,385	64.5%	14,299,253	14,173,834
7/1/2051-6/30/2052	22,206,943	64.5%	14,323,478	14,230,259

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Estimated Amount of Loan Default by Fiscal Year - Annual-Premium Loans Only  
Baseline Scenario  
Based on Data as of June 30, 2022**

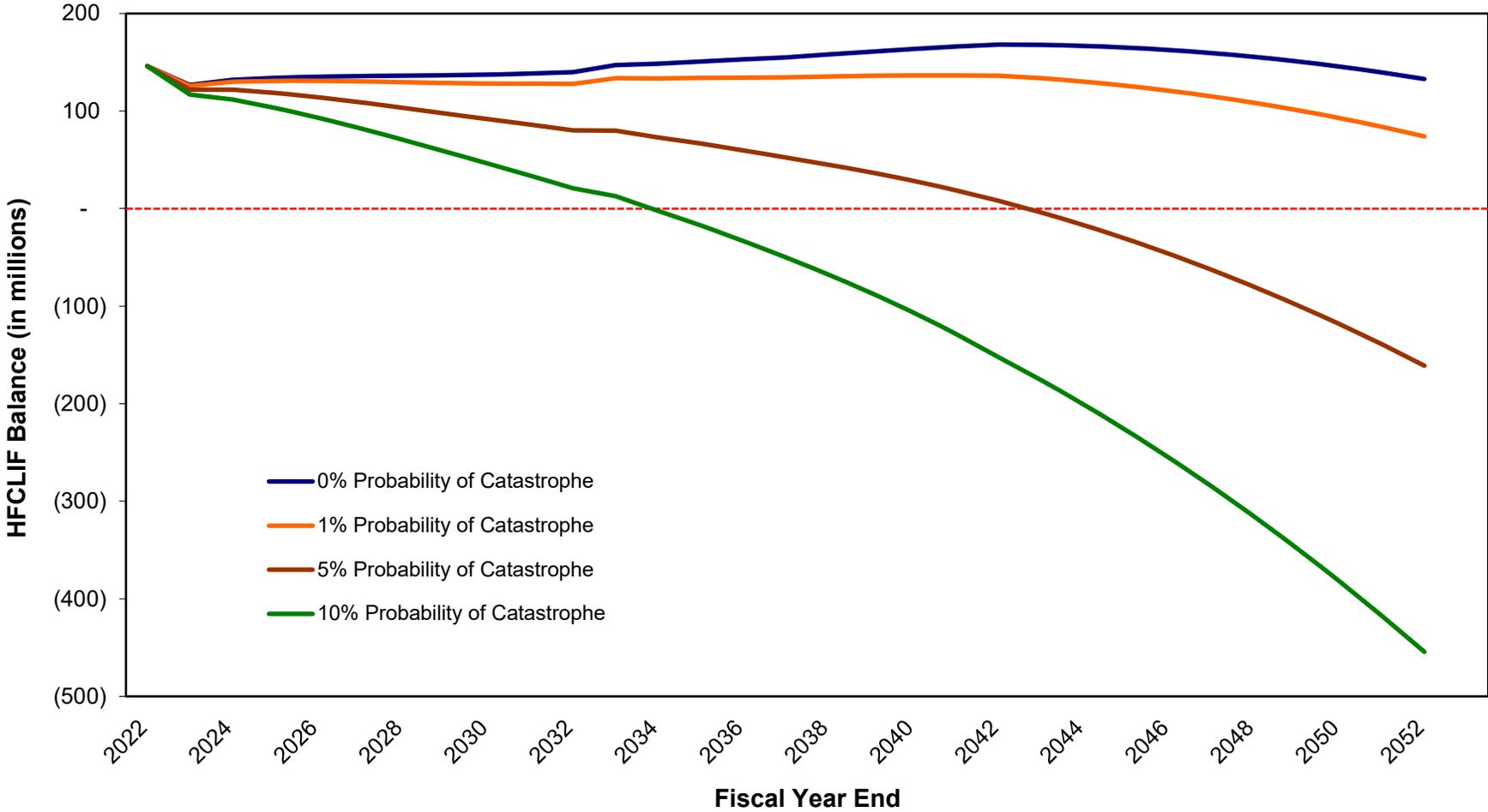
Issue Year	Total Annual Premium Loans Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1983-6/30/1984	159,700,000	6.86%	10,955,420	468	100%	7/1/2022-6/30/2023	0
7/1/1984-6/30/1985	151,784,000	6.86%	10,412,382	456	100%	7/1/2023-6/30/2024	0
7/1/1985-6/30/1986	210,620,000	6.86%	14,448,532	444	100%	7/1/2024-6/30/2025	0
7/1/1986-6/30/1987	287,629,000	6.86%	19,731,349	432	100%	7/1/2025-6/30/2026	0
7/1/1987-6/30/1988	164,845,000	6.86%	11,308,367	420	100%	7/1/2026-6/30/2027	0
7/1/1988-6/30/1989	291,840,000	6.86%	20,020,224	408	100%	7/1/2027-6/30/2028	0
7/1/1989-6/30/1990	285,070,000	6.86%	19,555,802	396	100%	7/1/2028-6/30/2029	0
7/1/1990-6/30/1991	502,627,148	6.86%	34,480,222	384	100%	7/1/2029-6/30/2030	0
7/1/1991-6/30/1992	340,350,000	6.86%	23,348,010	372	100%	7/1/2030-6/30/2031	0
7/1/1992-6/30/1993	425,234,203	6.86%	29,171,066	360	100%	7/1/2031-6/30/2032	0
7/1/1993-6/30/1994	269,577,356	6.86%	18,493,007	348	100%	7/1/2032-6/30/2033	0
7/1/1994-6/30/1995	86,855,000	6.86%	5,958,253	336	100%	7/1/2033-6/30/2034	0
7/1/1995-6/30/1996	122,845,000	6.86%	8,427,167	324	100%	7/1/2034-6/30/2035	0
7/1/1996-6/30/1997	96,845,000	6.86%	6,643,567	312	100%	7/1/2035-6/30/2036	0
7/1/1997-6/30/1998	288,615,000	6.86%	19,798,989	300	100%	7/1/2036-6/30/2037	0
7/1/1998-6/30/1999	30,100,000	6.86%	2,064,860	288	100%	7/1/2037-6/30/2038	0
7/1/1999-6/30/2000	135,160,000	6.86%	9,271,976	276	100%	7/1/2038-6/30/2039	0
7/1/2000-6/30/2001	35,640,000	6.86%	2,444,904	264	100%	7/1/2039-6/30/2040	0

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Projected Fiscal Year End HFCLIF Balance**

Fiscal Year	Expected Fiscal Year End Fund Balance			
	0% Probability of Catastrophe	1% Probability of Catastrophe	5% Probability of Catastrophe	10% Probability of Catastrophe
7/1/2021-6/30/2022	145,943,846	145,943,846	145,943,846	145,943,846
7/1/2022-6/30/2023	126,739,691	125,756,406	121,856,790	116,945,371
7/1/2023-6/30/2024	131,890,916	129,899,125	121,897,632	111,870,689
7/1/2024-6/30/2025	133,762,558	130,716,928	118,421,262	103,067,992
7/1/2025-6/30/2026	135,196,375	131,044,635	114,276,052	93,384,546
7/1/2026-6/30/2027	135,433,612	130,132,279	108,799,780	82,168,537
7/1/2027-6/30/2028	136,015,149	129,492,888	103,308,279	70,590,898
7/1/2028-6/30/2029	136,608,564	128,810,048	97,587,374	58,531,856
7/1/2029-6/30/2030	137,114,461	128,003,676	91,520,002	45,917,091
7/1/2030-6/30/2031	138,383,935	127,913,109	85,964,737	33,565,306
7/1/2031-6/30/2032	139,649,769	127,765,483	80,185,818	20,700,609
7/1/2032-6/30/2033	146,974,139	133,547,083	79,758,209	12,573,597
7/1/2033-6/30/2034	148,348,400	133,299,047	72,972,584	(2,369,408)
7/1/2034-6/30/2035	150,600,573	133,819,343	66,619,058	(17,320,444)
7/1/2035-6/30/2036	152,828,891	134,233,743	59,753,071	(33,282,076)
7/1/2036-6/30/2037	154,976,216	134,464,180	52,272,664	(50,356,123)
7/1/2037-6/30/2038	157,961,569	135,419,109	45,091,129	(67,722,551)
7/1/2038-6/30/2039	160,820,085	136,112,928	37,142,121	(86,488,511)
7/1/2039-6/30/2040	163,505,201	136,488,384	28,344,175	(106,734,562)
7/1/2040-6/30/2041	165,978,459	136,526,233	18,626,190	(128,648,230)
7/1/2041-6/30/2042	168,206,042	136,167,697	7,884,745	(152,380,190)
7/1/2042-6/30/2043	167,871,963	133,509,889	(4,049,190)	(175,901,877)
7/1/2043-6/30/2044	166,912,368	130,159,607	(16,972,220)	(200,801,583)
7/1/2044-6/30/2045	165,052,699	125,843,113	(31,181,010)	(227,347,527)
7/1/2045-6/30/2046	162,529,142	120,766,875	(46,460,702)	(255,343,799)
7/1/2046-6/30/2047	159,332,007	114,953,854	(62,774,416)	(284,780,484)
7/1/2047-6/30/2048	155,448,480	108,382,936	(80,157,257)	(315,700,136)
7/1/2048-6/30/2049	150,861,387	101,015,578	(98,639,714)	(348,094,170)
7/1/2049-6/30/2050	145,552,806	92,860,263	(118,223,843)	(381,944,460)
7/1/2050-6/30/2051	139,501,869	83,883,800	(138,952,275)	(417,369,607)
7/1/2051-6/30/2052	132,686,985	74,046,050	(160,846,964)	(454,307,732)

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Estimated Fiscal Year End HFCLIF Balance**



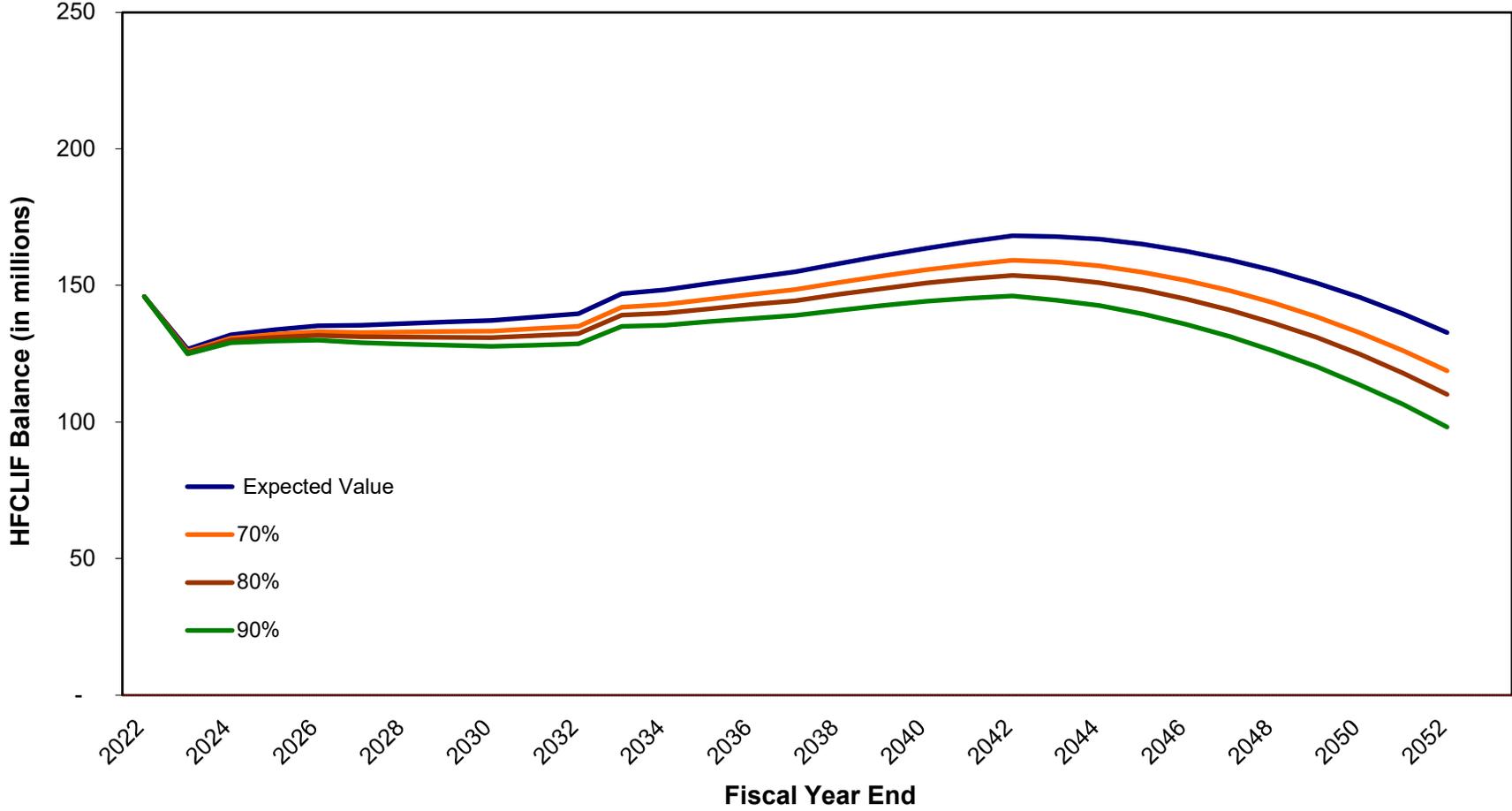
**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program**

**Projected Fiscal Year End HFCLIF Balance  
 0% Probability of Catastrophe**

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2021-6/30/2022	145,943,846	145,943,846	145,943,846	145,943,846
7/1/2022-6/30/2023	126,739,691	125,851,840	125,391,911	124,863,218
7/1/2023-6/30/2024	131,890,916	130,680,973	129,940,774	128,988,020
7/1/2024-6/30/2025	133,762,558	132,068,060	131,000,208	129,606,303
7/1/2025-6/30/2026	135,196,375	133,022,415	131,690,972	129,916,040
7/1/2026-6/30/2027	135,433,612	132,767,736	131,156,275	129,019,275
7/1/2027-6/30/2028	136,015,149	132,927,302	131,059,780	128,525,396
7/1/2028-6/30/2029	136,608,564	133,101,453	130,966,902	128,091,996
7/1/2029-6/30/2030	137,114,461	133,269,613	130,867,552	127,672,066
7/1/2030-6/30/2031	138,383,935	134,142,545	131,614,547	128,110,851
7/1/2031-6/30/2032	139,649,769	135,043,018	132,291,011	128,585,346
7/1/2032-6/30/2033	146,974,139	142,014,948	139,073,971	134,954,777
7/1/2033-6/30/2034	148,348,400	143,037,178	139,820,998	135,394,955
7/1/2034-6/30/2035	150,600,573	144,925,708	141,409,685	136,714,905
7/1/2035-6/30/2036	152,828,891	146,762,113	143,056,658	137,884,710
7/1/2036-6/30/2037	154,976,216	148,525,364	144,389,678	138,989,323
7/1/2037-6/30/2038	157,961,569	151,066,225	146,702,850	140,902,622
7/1/2038-6/30/2039	160,820,085	153,433,068	148,817,100	142,666,712
7/1/2039-6/30/2040	163,505,201	155,653,962	150,813,377	144,139,157
7/1/2040-6/30/2041	165,978,459	157,595,217	152,409,084	145,281,536
7/1/2041-6/30/2042	168,206,042	159,289,292	153,732,418	146,160,409
7/1/2042-6/30/2043	167,871,963	158,561,647	152,704,889	144,584,916
7/1/2043-6/30/2044	166,912,368	157,122,485	151,002,142	142,602,785
7/1/2044-6/30/2045	165,052,699	154,722,029	148,401,671	139,528,749
7/1/2045-6/30/2046	162,529,142	151,771,282	144,986,399	135,735,310
7/1/2046-6/30/2047	159,332,007	148,082,935	141,009,404	131,294,849
7/1/2047-6/30/2048	155,448,480	143,662,548	136,280,132	126,064,787
7/1/2048-6/30/2049	150,861,387	138,506,151	130,941,898	120,271,011
7/1/2049-6/30/2050	145,552,806	132,635,843	124,777,769	113,620,768
7/1/2050-6/30/2051	139,501,869	126,048,695	117,827,234	106,355,355
7/1/2051-6/30/2052	132,686,985	118,733,752	110,077,728	98,205,128

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Estimated Fiscal Year End HFCLIF Balance**

**0% Probability of Catastrophe**



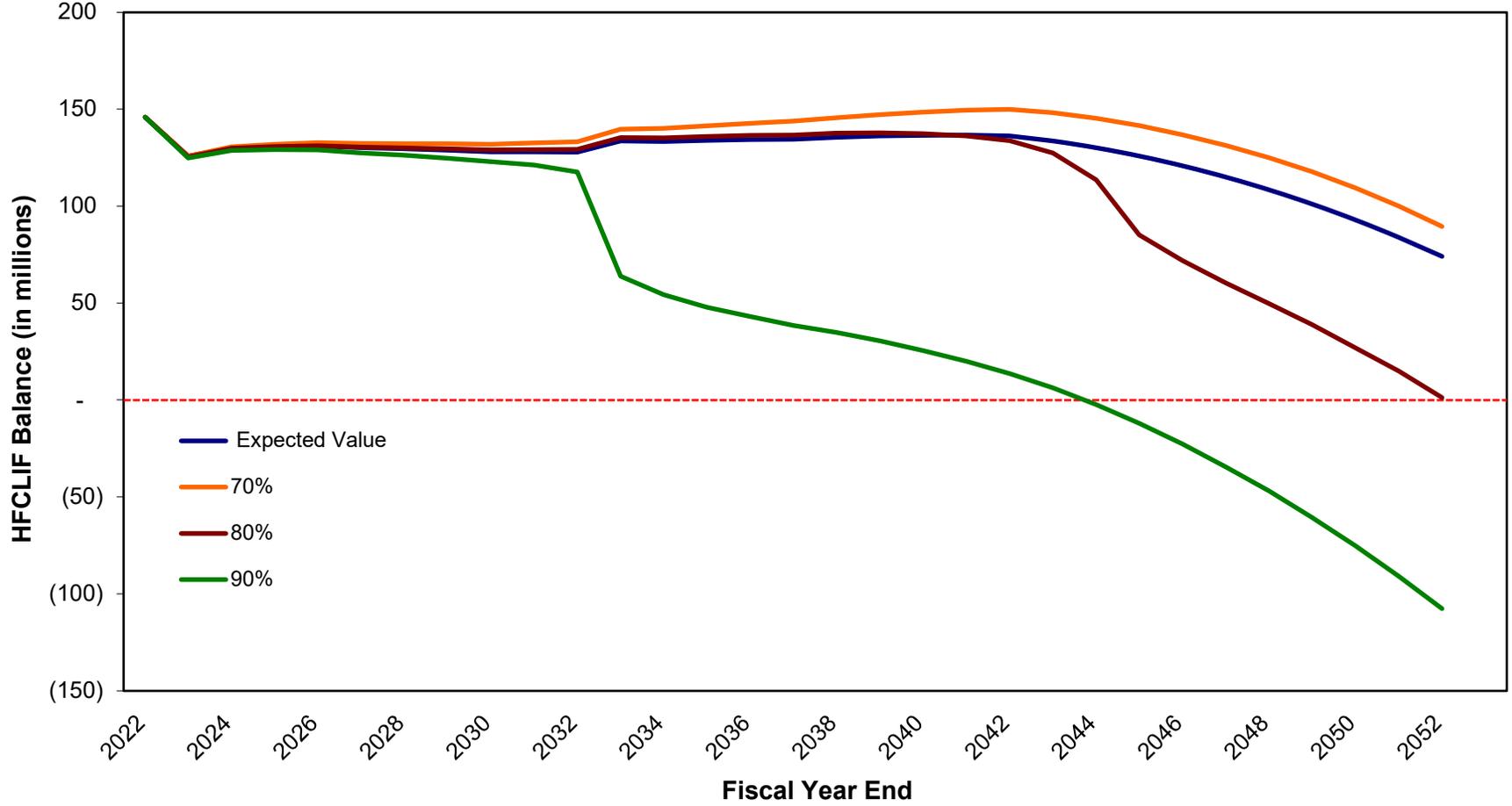
**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program**

**Projected Fiscal Year End HFCLIF Balance  
 1% Probability of Catastrophe**

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2021-6/30/2022	145,943,846	145,943,846	145,943,846	145,943,846
7/1/2022-6/30/2023	125,756,406	125,819,811	125,355,367	124,807,619
7/1/2023-6/30/2024	129,899,125	130,584,296	129,814,357	128,737,033
7/1/2024-6/30/2025	130,716,928	131,829,734	130,688,008	129,057,333
7/1/2025-6/30/2026	131,044,635	132,660,407	131,176,036	128,898,145
7/1/2026-6/30/2027	130,132,279	132,230,401	130,401,203	127,415,322
7/1/2027-6/30/2028	129,492,888	132,152,142	129,912,341	126,161,543
7/1/2028-6/30/2029	128,810,048	132,096,464	129,469,180	124,657,201
7/1/2029-6/30/2030	128,003,676	131,856,020	128,932,514	122,863,385
7/1/2030-6/30/2031	127,913,109	132,493,989	129,085,721	121,171,271
7/1/2031-6/30/2032	127,765,483	133,071,200	129,316,039	117,630,023
7/1/2032-6/30/2033	133,547,083	139,616,371	135,258,766	63,746,373
7/1/2033-6/30/2034	133,299,047	140,101,905	135,220,618	54,319,823
7/1/2034-6/30/2035	133,819,343	141,425,365	135,938,884	47,730,446
7/1/2035-6/30/2036	134,233,743	142,723,118	136,474,066	43,020,276
7/1/2036-6/30/2037	134,464,180	143,745,211	136,650,436	38,399,744
7/1/2037-6/30/2038	135,419,109	145,598,320	137,537,469	34,771,060
7/1/2038-6/30/2039	136,112,928	147,178,421	137,692,736	30,423,445
7/1/2039-6/30/2040	136,488,384	148,456,487	137,371,613	25,409,896
7/1/2040-6/30/2041	136,526,233	149,389,613	136,183,044	19,998,512
7/1/2041-6/30/2042	136,167,697	149,927,038	133,761,095	13,639,628
7/1/2042-6/30/2043	133,509,889	148,060,401	127,300,598	6,253,193
7/1/2043-6/30/2044	130,159,607	145,259,832	113,562,168	(2,421,183)
7/1/2044-6/30/2045	125,843,113	141,459,642	85,061,486	(12,056,577)
7/1/2045-6/30/2046	120,766,875	136,809,249	71,919,881	(22,710,632)
7/1/2046-6/30/2047	114,953,854	131,229,030	60,269,971	(34,492,946)
7/1/2047-6/30/2048	108,382,936	124,933,442	49,731,670	(46,884,318)
7/1/2048-6/30/2049	101,015,578	117,660,188	38,828,223	(60,637,509)
7/1/2049-6/30/2050	92,860,263	109,373,701	26,891,336	(75,178,858)
7/1/2050-6/30/2051	83,883,800	100,016,939	14,896,803	(90,869,167)
7/1/2051-6/30/2052	74,046,050	89,588,370	1,343,616	(107,580,433)

**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program  
 Estimated Fiscal Year End HFCLIF Balance**

**1% Probability of Catastrophe**



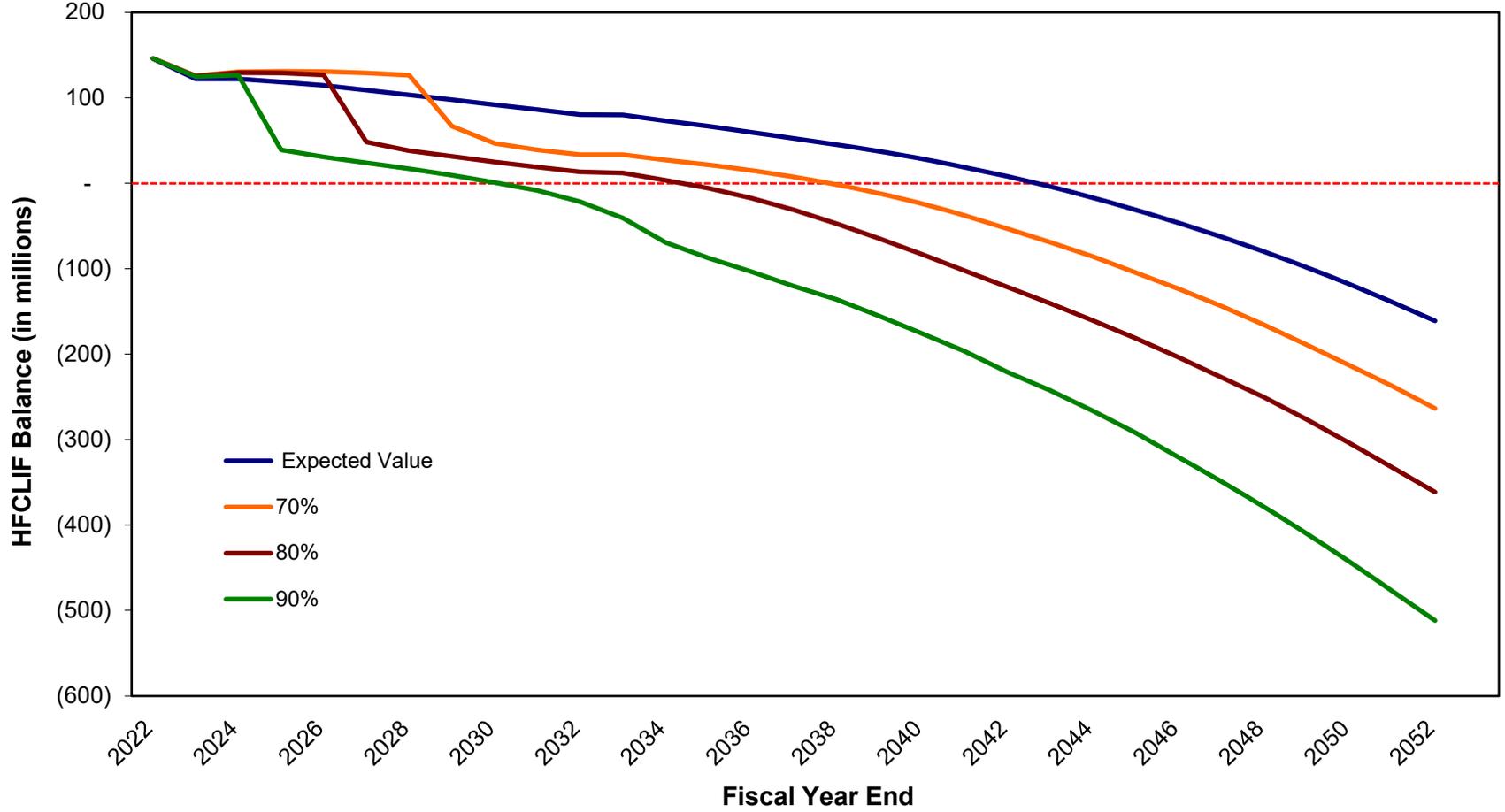
**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Projected Fiscal Year End HFCLIF Balance  
5% Probability of Catastrophe**

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2021-6/30/2022	145,943,846	145,943,846	145,943,846	145,943,846
7/1/2022-6/30/2023	121,856,790	125,685,288	125,191,286	124,532,709
7/1/2023-6/30/2024	121,897,632	130,138,240	129,164,666	126,122,461
7/1/2024-6/30/2025	118,421,262	130,801,126	128,943,560	38,805,114
7/1/2025-6/30/2026	114,276,052	130,704,503	126,657,059	30,608,490
7/1/2026-6/30/2027	108,799,780	128,841,349	48,090,257	23,796,695
7/1/2027-6/30/2028	103,308,279	126,403,128	38,051,419	16,735,260
7/1/2028-6/30/2029	97,587,374	66,533,187	31,341,274	9,362,546
7/1/2029-6/30/2030	91,520,002	46,421,153	24,879,646	782,464
7/1/2030-6/30/2031	85,964,737	38,779,699	18,898,267	(8,595,421)
7/1/2031-6/30/2032	80,185,818	33,200,479	13,208,224	(21,721,459)
7/1/2032-6/30/2033	79,758,209	33,244,591	11,915,856	(40,945,344)
7/1/2033-6/30/2034	72,972,584	26,981,107	3,245,231	(69,604,632)
7/1/2034-6/30/2035	66,619,058	21,530,196	(5,902,655)	(87,730,775)
7/1/2035-6/30/2036	59,753,071	14,922,491	(17,387,575)	(103,432,537)
7/1/2036-6/30/2037	52,272,664	7,257,925	(31,255,007)	(120,521,609)
7/1/2037-6/30/2038	45,091,129	(1,699,086)	(47,366,615)	(136,110,146)
7/1/2038-6/30/2039	37,142,121	(12,120,835)	(64,831,828)	(155,557,436)
7/1/2039-6/30/2040	28,344,175	(23,979,277)	(83,255,402)	(176,086,199)
7/1/2040-6/30/2041	18,626,190	(37,847,225)	(102,288,730)	(196,529,190)
7/1/2041-6/30/2042	7,884,745	(53,322,225)	(121,579,390)	(220,927,169)
7/1/2042-6/30/2043	(4,049,190)	(69,102,693)	(140,546,196)	(242,559,308)
7/1/2043-6/30/2044	(16,972,220)	(85,949,138)	(160,670,361)	(266,654,744)
7/1/2044-6/30/2045	(31,181,010)	(104,773,445)	(181,659,508)	(292,262,501)
7/1/2045-6/30/2046	(46,460,702)	(123,515,929)	(203,474,990)	(320,728,581)
7/1/2046-6/30/2047	(62,774,416)	(143,741,129)	(227,093,153)	(348,768,411)
7/1/2047-6/30/2048	(80,157,257)	(165,562,779)	(250,467,782)	(378,569,140)
7/1/2048-6/30/2049	(98,639,714)	(189,152,039)	(276,405,718)	(410,185,245)
7/1/2049-6/30/2050	(118,223,843)	(213,191,788)	(304,028,464)	(442,960,691)
7/1/2050-6/30/2051	(138,952,275)	(237,267,601)	(332,416,290)	(477,147,811)
7/1/2051-6/30/2052	(160,846,964)	(263,568,629)	(361,424,334)	(511,538,278)

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Estimated Fiscal Year End HFCLIF Balance**

**5% Probability of Catastrophe**



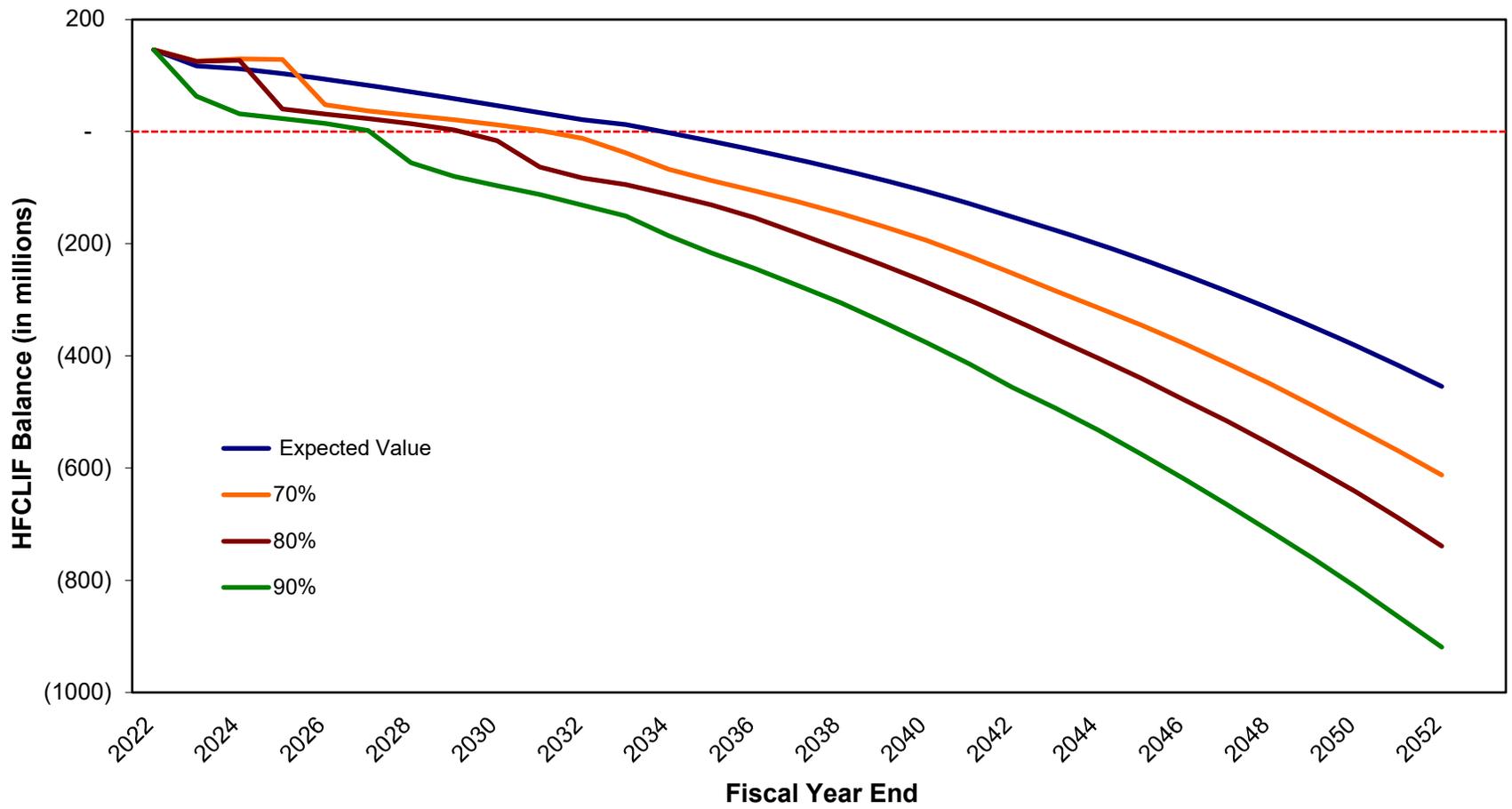
Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance  
10% Probability of Catastrophe

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2021-6/30/2022	145,943,846	145,943,846	145,943,846	145,943,846
7/1/2022-6/30/2023	116,945,371	125,503,852	124,921,443	62,645,116
7/1/2023-6/30/2024	111,870,689	129,397,581	127,098,837	31,501,042
7/1/2024-6/30/2025	103,067,992	128,176,427	40,062,439	22,866,484
7/1/2025-6/30/2026	93,384,546	47,676,034	30,932,507	14,513,203
7/1/2026-6/30/2027	82,168,537	36,397,468	22,701,621	1,764,296
7/1/2027-6/30/2028	70,590,898	28,385,816	13,918,116	(55,854,134)
7/1/2028-6/30/2029	58,531,856	20,688,674	2,853,480	(79,959,214)
7/1/2029-6/30/2030	45,917,091	11,927,776	(16,458,795)	(96,641,783)
7/1/2030-6/30/2031	33,565,306	1,883,546	(63,396,577)	(112,239,858)
7/1/2031-6/30/2032	20,700,609	(12,491,703)	(83,085,749)	(131,302,946)
7/1/2032-6/30/2033	12,573,597	(37,976,653)	(94,608,121)	(150,899,669)
7/1/2033-6/30/2034	(2,369,408)	(67,562,280)	(112,114,137)	(186,143,084)
7/1/2034-6/30/2035	(17,320,444)	(87,573,975)	(130,765,639)	(216,615,651)
7/1/2035-6/30/2036	(33,282,076)	(105,861,856)	(153,754,337)	(244,266,724)
7/1/2036-6/30/2037	(50,356,123)	(124,855,986)	(181,695,586)	(274,361,832)
7/1/2037-6/30/2038	(67,722,551)	(146,226,815)	(209,712,859)	(305,210,951)
7/1/2038-6/30/2039	(86,488,511)	(169,236,396)	(238,589,351)	(339,754,227)
7/1/2039-6/30/2040	(106,734,562)	(194,079,187)	(268,771,796)	(376,283,160)
7/1/2040-6/30/2041	(128,648,230)	(222,183,490)	(301,162,604)	(414,366,845)
7/1/2041-6/30/2042	(152,380,190)	(252,756,878)	(334,076,839)	(455,946,789)
7/1/2042-6/30/2043	(175,901,877)	(284,019,211)	(369,140,667)	(492,871,472)
7/1/2043-6/30/2044	(200,801,583)	(314,193,312)	(404,168,647)	(532,060,618)
7/1/2044-6/30/2045	(227,347,527)	(344,989,777)	(440,026,620)	(575,055,589)
7/1/2045-6/30/2046	(255,343,799)	(377,874,181)	(477,992,563)	(618,942,479)
7/1/2046-6/30/2047	(284,780,484)	(412,882,679)	(515,855,658)	(664,917,802)
7/1/2047-6/30/2048	(315,700,136)	(449,480,792)	(556,978,174)	(712,135,025)
7/1/2048-6/30/2049	(348,094,170)	(488,799,942)	(598,820,643)	(760,693,075)
7/1/2049-6/30/2050	(381,944,460)	(529,290,572)	(642,344,796)	(811,668,582)
7/1/2050-6/30/2051	(417,369,607)	(569,578,757)	(688,925,427)	(865,224,316)
7/1/2051-6/30/2052	(454,307,732)	(612,012,565)	(738,928,968)	(918,827,150)

**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program  
 Estimated Fiscal Year End HFCLIF Balance**

**10% Probability of Catastrophe**



**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Hospitals  
Parameters for Monte Carlo Simulation  
Based on Data as of June 30, 2022**

Issue Year	(1)	(2)	(3)
	Hospitals Loan Balance Default Rate	Nursing Homes Loan Balance Default Rate	Selected Loan Balance Default Rate
1981	1.94%	37.09%	27.1%
1982	1.13%	40.17%	29.0%
1983	0.28%	54.32%	38.9%
1984	0.23%	40.39%	28.9%
1985	0.91%	26.26%	19.0%
1986	3.88%	24.40%	18.5%
1987	1.92%	13.44%	10.2%
1988	0.45%	8.57%	6.3%
1989	0.61%	4.76%	3.6%
1990	0.82%	9.77%	7.2%
1991	2.77%	2.23%	2.4%
1992	2.70%	5.22%	4.5%
1993	1.39%	9.04%	6.9%
1994	1.14%	11.41%	8.5%
1995	0.29%	14.60%	10.5%
1996	3.30%	10.33%	8.3%
1997	1.00%	9.03%	6.7%
1998	0.94%	9.65%	7.2%
1999	0.45%	8.39%	6.1%
2000	0.05%	5.74%	4.1%
2001	0.05%	6.06%	4.3%
2002	0.44%	3.72%	2.8%
2003	2.36%	3.27%	3.0%
2004	0.13%	6.51%	4.7%
2005	0.43%	1.42%	1.1%
2006	0.16%	3.15%	2.3%
2007	2.64%	8.40%	6.8%
2008	0.86%	7.85%	5.9%
2009	0.05%	15.09%	10.8%
2010	0.27%	15.73%	11.3%
2011	0.25%	20.58%	14.8%
2012	0.59%	19.00%	13.7%
2013	0.24%	10.58%	7.6%
2014	0.30%	30.20%	21.7%
2015	0.50%	13.69%	9.9%
2016	0.51%	20.73%	15.0%
2017	0.63%	29.65%	21.4%
2018	2.53%	31.42%	23.2%
2019	0.91%	17.99%	13.1%
2020	1.02%	22.11%	16.1%
2021	1.05%	20.00%	14.6%

<b>Current Split of Exposure (Current Principal Balance)</b>		
(4)	Hospital:	28.5%
(5)	Nursing Home:	71.5%

<b>Indicated CV (Coefficient of Variation):</b>	
1981 - 2021	0.746
1981 - 1999	0.804
1997 - 2007	0.455
2005 - 2021	0.518
1999 - 2021	0.646
Prior CV	0.570

<b>Selected CV</b>	<b>0.595</b>
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- Notes:
- (1) From Section III, Exhibit 2, Page 2, Column (5)
  - (2) From Section III, Exhibit 2, Page 5, Column (5)
  - (3) = [ (1) x (4) + (2) x (5) ]
  - (4) Based on data from Section III, Exhibit 2, Page 1
  - (5) Based on data from Section III, Exhibit 2, Page 1

**Office of Health Facility Loan Insurance  
 California Health Facility Construction Loan Insurance Program**

**Parameters for Monte Carlo Simulation  
 Based on Data as of June 30, 2022**

		Distribution	Expected	Selected CV	Low	High
(1)	Long-Term Default Rate	Truncated Lognormal	6.86%	0.60	1.37%	34.30%
(2)	Loss Severity	Triangle	64.50%		30.00%	100.00%
(3)	Loss Severity - CAT	Triangle	75.00%		50.00%	100.00%
(4)	New Insured Loan	Uniform			Expected - \$50M	Expected + \$50M
(5)	Termination Rate	Triangle	7.50%		0.00%	15.00%
(6)	Investment Yield	Triangle			Expected - 0.10%	Expected + 2.00%

**Notes:**

- (1) From Section III, Exhibit 2, Page 1 and Section IV, Exhibit 6, Page 1
- (2) From Section III, Exhibit 3, Page 1
- (3) Selected
- (4) Selected
- (5) From Section III, Exhibit 5
- (6) Provided by Cal-Mortgage

**Office of Health Facility Loan Insurance  
California Health Facility Construction Loan Insurance Program**

**Ten Largest Borrowers Based on Current Principal Balance  
Based on Data as of June 30, 2022**

<b>Borrower Rank</b>	<b>Borrower</b>	<b>Original Insured Amount</b>	<b>Current Principal Balance</b>
#1	Enloe Medical Center	242,645,000	182,080,000
#2	Viamonte Senior Living	187,230,000	132,230,000
#3	Jewish Home of San Francisco	163,950,000	118,550,000
#4	Northern California Retired Officer Community	150,080,000	113,270,000
#5	Los Angeles Jewish Home for the Aging	105,540,000	96,912,627
#6	Channing House	98,165,000	94,615,000
#7	Marshall Medical Center	113,575,000	93,830,000
#8	Odd Fellows Home of California	98,550,000	68,655,000
#9	Sequoia Living, Inc.	63,210,000	55,735,000
#10	Montecedro	140,305,000	41,935,000
<b>TOTALS</b>		<b>1,363,250,000</b>	<b>997,812,627</b>

<i>Average</i>	136,325,000
<i>Average Excluding High &amp; Low</i>	132,174,375
<i>Prior Selected Catastrophe Loss</i>	125,000,000

*Selected Catastrophe Loss* **127,000,000**



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