



ACTUARIAL STUDY OF HEALTH FACILITY CONSTRUCTION LOAN INSURANCE FUND AS OF JUNE 30, 2020

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

CAL-MORTGAGE LOAN INSURANCE DIVISION

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN
INSURANCE PROGRAM

March 29, 2022

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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, Cal-Mortgage Loan Insurance Division (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, 2020. 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, 2020 and additional information provided to Oliver Wyman through January 22, 2021.

Under the administration of HCAI, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to needed 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, 2020, HCAI insured 78 projects with an original amount insured totaling \$2.347 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 Loan Insurance Division Monthly Activity Report Ending June 30, 2020), \$163.83 million as of June 30, 2020, 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 \$179.10 million as of June 30, 2020. Thus, under the DOI standards, there is a \$15.27 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 2049/50.

This analysis implicitly considers the impacts of the COVID-19 pandemic on HFCLIF's business and funding. Healthcare entities are expected, by many external economic analyses, to experience some unfavorable financial impacts from the pandemic due to limitations on the ability to provide a normal level of services due to COVID-19-related restrictions. Through the review date of March 1, 2021, however, HFCLIF has not experienced a significantly higher level of defaults or financial strain stemming from the loans it insures and the benchmark data used in our analysis has also not indicated a significantly higher level of defaults. This said, the data valuations are very early-on into the pandemic, so it is possible default experience may change. As such, it is important to consider adverse scenarios. 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 COVID-19 environment, though considerable uncertainty as to the eventual impacts of the pandemic still exists.

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 needed healthcare. 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, 2020, HCAI insured 78 projects with an original amount insured totaling \$2.347 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, 2020 was \$163,825,305.
- The HFCLIF annual net income (insurance premiums plus recoveries from previously defaulted projects, less default expenses and administrative expenses) for 2018/19 was \$9,606,547 and for 2019/20 was \$7,096,143.¹
- 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.

¹ 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 2020
- Monthly Activity Report – June 30, 2020
- 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, 2020
- 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, 2020
- 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 2018 and 2019

Oliver Wyman also relied on industry data as follows:

- Healthcare industry debt service ratios in 2020 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 \$163.83 million as of June 30, 2020 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 Statutory 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 Statutory 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 \$21.25 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. Note that case reserves were calculated as 100% of the expected principal and interest payments on Sherman Oaks and Kern Valley's payments scheduled to be made by Cal-Mortgage, discounted. Additionally, a case reserve was added for the payments Kern Valley is currently making to the trustee, with a 10% probability applied to account for the eventuality that Kern Valley may not be able to complete these payments. This amount was then 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 our analysis. Oliver Wyman is using the term "pipeline IBNR reserves" to refer to reserves for projects which may default in fiscal year 2020/21. Oliver Wyman has estimated losses from pipeline default projects based on discussions with Cal-Mortgage regarding the probability of default and estimated loss amount by project. Oliver Wyman's estimated pipeline IBNR reserve is \$16.43 million as of June 30, 2020, as summarized in Section I, Exhibit 2. 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 \$6.82 million. Note that although Kern Valley Healthcare District is classified as a defaulted loan, recoveries are expected to be collected. With the inclusion of recoveries for Kern Valley, the total estimated recoveries are \$14.43 million. Section I, Exhibits 4 and 5 show the detailed calculation of the recoveries. Please note that Oliver Wyman has purposely left out the estimated recoveries for California-Nevada Methodist Homes in the future recoveries' calculation because as of June 30, 2020, California-Nevada has not yet defaulted. However, given the ongoing financial difficulties that California-Nevada experienced, Oliver Wyman has included the scenario of California-Nevada defaulting, along with any estimated recoveries, in the Cash Flow Projections.

Contingency Reserves

Based on Section 12108 of the California Statutory Insurance Code, Oliver Wyman has calculated a fully funded contingency reserve provision for Cal-Mortgage of approximately \$14.24 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 Statutory 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 \$66.60 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, 2020 on California statutory 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

Cal-Mortgage Statutory Requirements				
Item	2018 Study		2020 Study	
	Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve	Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve
Capital and Surplus	75,000,000	75,000,000	75,000,000	75,000,000
Case Reserve (Current Default)	44,294,107	44,294,107	21,246,019	21,246,019
Pipeline IBNR Reserve	N/A	10,101,926	N/A	16,434,632
Recoveries	(15,096,069)	(15,096,069)	(14,428,009)	(14,428,009)
Contingency Reserve	13,436,731	13,436,731	14,242,542	14,242,542
Unearned Premium Reserve	61,937,455	61,937,455	66,604,986	66,604,986
Total	179,572,224	189,674,150	162,665,538	179,100,170
HFCLIF Balance	169,757,738	169,757,738	163,825,305	163,825,305
Reserve Shortfall	9,814,486	19,916,412	(1,159,767)	15,274,865

Comparison to Prior Reserves

Total required reserves as of June 30, 2020 decreased by approximately \$10.57 million since the prior evaluation as of June 30, 2018. 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	2018 Study	2020 Study	Change
Capital and Surplus	75.00	75.00	0.00
Case Reserve (net of recoveries)	29.20	6.82	(22.38)
Pipeline IBNR Reserve	10.10	16.43	6.33
Contingency Reserve	13.44	14.24	0.81
Unearned Premium Reserve	61.94	66.60	4.67
Total	189.67	179.10	(10.57)
HFCLIF Balance	169.76	163.83	(5.93)
Reserve Shortfall	19.92	15.27	(4.64)

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 2013 through 2019 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 2013 through 2019 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 changed since the prior report. The most notable changes by distribution of principal balance are a 7% increase in Multi-levels (a continuing trend from the 2018 analysis) and a 3% decrease in Skilled Nursing Facilities.

For all types of facilities in total, the weighted average, arithmetic average, and median debt service coverage ratios remained relatively steady in 2019 and 2018 in comparison with historical years. Most facilities showed some volatility in debt service coverage ratios in recent years, with no clear trend; however, Skilled Nurse Facilities showed a significant increase between 2015 and 2016 but then returned to a more typical ratio in 2017.

The percentage of borrowers with debt service coverage ratios above 1.2 in 2019 was in line with recent prior years, though there was somewhat of a dip in percentage in 2018 (Section II, Exhibit 1, Pages 3 and 4). In total, 71% of facilities had a cash flow debt service ratio above 1.20 in 2018 and 81% in 2019, compared with 82% in the 2016 and 81% in 2017. Similarly, the percentage of borrowers with income debt service ratios above 1.2 in 2018 and 2019 remained steady with what has been seen in the past.

The debt service coverage ratios for Cal-Mortgage's borrowers in 2020 were not available for this study. Given the ongoing financial stress caused by the COVID-19 pandemic across many industries, Oliver Wyman reviewed the 2020 healthcare industry ratios from CSIMarket.com to evaluate industry experience. From the table below, Oliver Wyman did not observe any significant deterioration in the healthcare industry debt service coverage ratios for the healthcare industry in 2020. In contrast, there is improvement in the ratio in 2020Q4.

Healthcare Industry Debt Service Coverage Ratio	
2020Q1	2.64
2020Q2	2.47
2020Q3	2.58
2020Q4	3.64
Average	2.83

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 2049/50, with an expected ending balance of \$111.34 million. This represents a decrease in ending balance as compared to the 2018 study, which projected a balance of \$164.32 million through fiscal year 2047/48; note that the projected ending cash balance at the same point in time (namely as of the end of the 2047/48 fiscal year) projected in this analysis is \$122.62 million. Table 3 provides a comparison of assumptions between the 2018 and 2020 reports. Additionally, the following contribute to the change:

- \$5.93 million decrease in the starting cash balance at June 30, 2020 versus at June 30, 2018
- \$29 thousand decrease in expected premium income from annual premium loans (due to these types of loans running off)
- \$8.74 million decrease in expected premium income from up-front premium loans
- \$23 million decrease in expected payments on current defaults over the next 30 years
- The impact on investment income due to the cumulative effect of above items
- The projected investment yield curve decreased significantly for the next five years, with the average yield decreasing from 2.71% in the 2018 study to 2.35% in the current study (assuming all funds remain in the state’s Pooled Money Investment Account, or PMIA). The updated yield curve results in \$16.31 million less in investment income over the forecast period, versus the investment income which would be indicated by applying the yield curve assumed in the 2018 study to the cash flows in the 2020 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	2018 Study	2020 Study
Average Investment Yield	2.71%	2.35%
Premium Rate	2.66%	2.66%
Certification and Inspection Fee as % of Loan Principal	0.40%	0.40%
Projected Default Rate	6.40%	6.30%
Estimated Claim Severity	64.50%	64.50%
Estimated Payment Pattern (Paid Within)	10 years	10 years
Administrative Expenses	4,425,158	4,535,000
Trend in Administrative Expenses	3.40%	3.40%

Although the study indicates that the expected fund balance will not be depleted until sometime after 2049/50, the expected net cash flow is negative in quite a few of the next thirty 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.

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

Scenario	Description	Positive Balance Until
Expected	New Loans Insured - Baseline Scenario	at least 2049/50
Run-Off	No New Loans Insured - Baseline Scenario	2042/43
Adverse	New Loans Insured - 150 Basis Point Increase (Scenario 1)	at least 2049/50
Adverse	New Loans Insured - 300 Basis Point Increase (Scenario 2)	2043/44

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

- Projected default rate
- Claim severity

- 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. 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 used 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.

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

Issue year	Hospital	Nursing Home	Combined	Prior
1989 to 2008	1.05%	6.75%	3.97%	6.40%
2009 to 2019	1.05%	15.50%	8.82%	6.40%
2020 to 2024	N/A	N/A	Linear reversion to long-term mean	6.40%
2025 onwards (long-term mean)	N/A	N/A	6.30%	6.40%

For prior issue years, an initial ultimate default rate is calculated for Cal-Mortgage for each issue year 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, 6.75% for 1988 to 2008, and 15.5% for 2009 to 2019. We selected different default rates for these three time periods due to observed default experience was materially different.

A long-term ultimate default rate is calculated for Cal-Mortgage for each issue year based on two segments of historical experience. For the first segment, based on countrywide hospitals experience (Section III, Exhibit 2, Page 2), we select a 0.94% ultimate long-term default rate. For the second segment, based on countrywide nursing home experience (Section III, Exhibit 2, Page 5), we selected a 11.00% long-term ultimate default rate.

Based on countrywide industry data, 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 6.30% (Section III, Exhibit 2, Page 1). The selected ultimate default rates for hospitals and nursing homes from the prior actuarial study were 1.15% and 12.10%, respectively; and the prior combined selected ultimate default rate was 6.40%.

Nursing homes have been experiencing higher than normal default experience since 2009. We have selected a higher default rate for issue years 2009 to 2019 as a result. In our cashflow projection model, we have assumed that the current default rate will regress toward the long-term mean over a five year time horizon. By issue year 2024, we assume that the default rate will revert back to the long-term mean.

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 7.0% for 2020/21 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 any new loan when any amount of the loan will be used for construction, remodel, or land purchase.

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 2020/21 administrative expenses of \$4.54 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 thirty years, averaging 2.35%. 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 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 2049/50. Note that the size of the original loan amount for a catastrophic claim is assumed to be \$125 million.

Table 5

Cal-Mortgage Year of Fund Balance Depletion¹				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	at least 2049/50	at least 2049/50	2042/43	2033/34
70%	at least 2049/50	at least 2049/50	2038/39	2030/31
80%	at least 2049/50	2049/50	2034/35	2028/29
90%	at least 2049/50	2043/44	2030/31	2025/26

¹ The fund balance becomes negative by the end of the indicated fiscal year

Table 6

Cal-Mortgage Fiscal Year 2049/50 Ending Fund Balance				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	108,727,100	65,490,220	(107,662,500)	(323,867,500)
70%	96,094,550	69,659,550	(186,879,800)	(437,606,900)
80%	88,512,180	(4,985,118)	(249,207,400)	(526,986,600)
90%	77,658,220	(60,863,610)	(353,606,800)	(656,585,000)

For each catastrophic scenario, the mean year-end fund balance is forecasted for fiscal years 2020/21 through 2049/50 (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. And, there is a 10.0% chance (represented by the 90.0% confidence level) that the Fund balance will be depleted by fiscal year-end 2025/26. 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. Also, 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.

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	Hospital	Nursing Home	Combined	Prior
1989 to 2008	1.05%	6.75%	3.97%	6.40%
2009 to 2019	1.05%	15.50%	8.82%	6.40%
2020 to 2024	N/A	N/A	Linear reversion to long-term mean	6.40%
2025 onwards (long-term mean)	N/A	N/A	6.30%	6.40%

A coefficient of variation of 0.57 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 1.26% and 31.50% 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 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%.

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, with plus or minus 2% minimum and maximum, subject to a maximum yield of 8% (though with our currently modeled forecast rates and the low interest rate environment, an 8% result is not possible).

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 Hospitals 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 \$125 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 would 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.

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. The impact of this event on loss experience is highly uncertain and generally unquantifiable at this time.

7. ACKNOWLEDGEMENT OF QUALIFICATIONS

Esther Becker is an Associate of the Casualty Actuarial Society (ACAS) and Jason Abril is a Fellow of the Casualty Actuarial Society (FCAS). Both are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial analysis contained herein.

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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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Summary of California Statutory Requirements
Based on Data as of June 30, 2020**

	Statutory Item	Total Reserve without Pipeline IBNR	Total Reserve with Pipeline IBNR
(1)	Capital and Surplus	75,000,000	75,000,000
(2)	Case Reserve (Current Default)	21,246,019	21,246,019
(3)	Pipeline IBNR Reserve	N/A	16,434,632
(4)	Recoveries	(14,428,009)	(14,428,009)
(5)	Contingency Reserve	14,242,542	14,242,542
(6)	Unearned Premium Reserve	66,604,986	66,604,986
(7)	Total	162,665,538	179,100,170

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 6/30/20*
- (3) *From Section I, Exhibit 2, Column (11); Pipeline defaulted after 6/30/20*
- (4) *From Section I, Exhibit 4, Column (9) and Section I, Exhibit 5, Column (5); including Kern Valley*
- (5) *From Section I, Exhibit 6, Row (3)*
- (6) *From Section I, Exhibit 7, Row (6)*
- (7) *Sum of Rows (1) through (6)*

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Summary of Defaulted Loans - Current or in Pipeline
Case Reserves as of June 30, 2020

(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
0695	Sherman Oaks Health System	7/26/1995	182,230,000	182,230,000	18,935,000	19,798,125	100%	19,798,125	99.3%	19,657,489
0764, 0830	Kern Valley Healthcare District *	6/23/2010, 7/1/2011	17,770,000	14,438,133	2,920,000	3,097,850				
	a) Kern Valley Shortfall					1,435,000	100%	1,435,000	99.2%	1,423,540
	b) Kern Valley Bond Payment to Trustee					1,662,850	10%	166,285	99.2%	164,989
Pipeline Default (Financial Performance Problems) **										
1018	California Nevada Methodist Homes		32,920,000		30,835,000	3,218,875	50%	15,417,500	95.9%	14,786,632
0983	San Benito Health Care District		24,915,000		16,480,000		10%	1,648,000	N/A	1,648,000
	(12) Total Defaulted as of 6/30/20		200,000,000	196,668,133	21,855,000			21,399,410		21,246,019
	(13) Pipeline Default After 6/30/20		57,835,000	N/A	47,315,000			17,065,500		16,434,632
	(14) Totals		257,835,000	196,668,133	69,170,000			38,464,910		37,680,651

Notes:

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

(9) = (7) x (8) for defaulted loans (Sherman Oaks Health System and Kern Valley Healthcare District)

= (6) x (8) for pipeline default loans (California Nevada Methodist Homes and San Benito Health Care District)

(10) from Section I, Exhibit 3

(11) = (9) x (10)

(12) Sum of each column for defaulted loans (Sherman Oaks Health System and Kern Valley Healthcare District)

(13) Sum of each column for pipeline default loans (California Nevada Methodist Homes and San Benito Health Care District)

(14) = (12) + (13)

* Note Cal Mortgage's obligation or case reserve is the "shortfall" amounts being paid by Cal Mortgage (a); however Kern Valley is still making payments to Trustee (b) and it is possible that Cal Mortgage will be responsible to pay a portion of the payments to the Trustee in the event Kern Valley is unable to

** HFCLIF payments expected for other borrowers not yet in default; referred to as "Financial Performance Problems" in PPR Reports

**Cal-Mortgage Loan Insurance Division
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, 2020**

	(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year	Sherman Oaks Health System	Kern Valley Healthcare District Shortfall	Kern Valley Healthcare District Bond Payment to Trustee	CA Nevada Methodist Homes	Total	Total, Probability Adjusted
7/1/2020-6/30/2021	11,808,250	700,000	850,675		13,358,925	12,593,318
7/1/2021-6/30/2022	7,989,875	735,000	812,175		9,537,050	8,806,093
7/1/2022-6/30/2023				1,072,375	1,072,375	536,188
7/1/2023-6/30/2024				1,073,250	1,073,250	536,625
7/1/2024-6/30/2025				1,073,250	1,073,250	536,625
(7) Total (Undiscounted)	19,798,125	1,435,000	1,662,850	3,218,875	26,114,850	23,008,848
(8) Expected PV(loss) after 6/30/20	19,657,489	1,423,540	1,649,892	3,087,162	25,818,084	22,789,600
(9) Discount Factor	99.29%	99.20%	99.22%	95.91%	98.86%	99.05%
(10) Probability of Payment	100.00%	100.00%	10.00%	50.00%		

Notes:

- (1) Provided by Cal-Mortgage
- (2) Provided by Cal-Mortgage
- (3) Provided by Cal-Mortgage
- (4) Provided by Cal-Mortgage
- (5) = (1) + (2) + (3) + (4)
- (6) = (4), adjusted by probability of payment in (9)
- (7) Sum of each column
- (8) Discounted total of payments, based on interest rates from Section III, Exhibit 1, Page 1, Column (14)
- (9) = (8) / (7)
- (10) from Section I, Exhibit 2, Column 8

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Summary of Resolved Loans
Based on Data as of June 30, 2020**

(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	4,084,573	9/9/2010	1,603,745	1,238,191
0738, 0739, 0748	Los Medanos HealthCare District	11,080,000	8/28/1995	9,161,896	702,671	6/18/2007	549,978	530,805
0973	Verdugo Mental Health	6,315,000	12/9/2010	5,220,000	3,740,325	5/13/2011	6,071,098	4,565,993
0564, 0929, 0944, 0945	Mendocino Coast District Hospital	12,830,000	12/14/2012	1,000,000	148,240	3/31/2015	489,147	485,284
TOTALS		34,810,000			8,675,809		8,713,968	6,820,272

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Estimated Recoveries by Borrower
Based on Data as of June 30, 2020

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Fiscal Period	Hermandad Mexicana Nacional	Los Medanos HealthCare District	Verdugo Mental Health	Mendocino Coast District Hospital	Kern Valley Healthcare District	CA Nevada Methodist Homes	Total	Total, Probability Adjusted
7/1/2020-6/30/2021	72,897	91,663	252,962	243,884	273,310		934,716	866,389
7/1/2021-6/30/2022	72,897	99,996	252,962	245,264	307,050		978,169	901,407
7/1/2022-6/30/2023	72,897	99,996	252,962		1,052,340		1,478,196	1,215,111
7/1/2023-6/30/2024	72,897	99,996	252,962		1,025,590		1,451,446	1,195,048
7/1/2024-6/30/2025	72,897	99,996	252,962		993,340		1,419,196	1,170,861
7/1/2025-6/30/2026	72,897	58,331	252,962		980,840	458,539	1,823,570	1,349,090
7/1/2026-6/30/2027	72,897		252,962		967,090	458,539	1,751,489	1,280,447
7/1/2027-6/30/2028	72,897		252,962		962,090	458,539	1,746,489	1,276,697
7/1/2028-6/30/2029	72,897		252,962		935,340	458,539	1,719,739	1,256,634
7/1/2029-6/30/2030	72,897		252,962		899,635	458,539	1,684,034	1,229,856
7/1/2030-6/30/2031	72,897		252,962			458,539	784,399	555,130
7/1/2031-6/30/2032	72,897		252,962			458,539	784,399	555,130
7/1/2032-6/30/2033	72,897		252,962			458,539	784,399	555,130
7/1/2033-6/30/2034	72,897		252,962			458,539	784,399	555,130
7/1/2034-6/30/2035	72,897		252,962			458,539	784,399	555,130
7/1/2035-6/30/2036	72,897		252,962				325,860	325,860
7/1/2036-6/30/2037	72,897		252,962				325,860	325,860
7/1/2037-6/30/2038	72,897		252,962				325,860	325,860
7/1/2038-6/30/2039	72,897		252,962				325,860	325,860
7/1/2039-6/30/2040	72,897		252,962				325,860	325,860
7/1/2040-6/30/2041	72,897		252,962				325,860	325,860
7/1/2041-6/30/2042	72,897		252,962				325,860	325,860
7/1/2042-6/30/2043			252,962				252,962	252,962
7/1/2043-6/30/2044			252,962				252,962	252,962
7/1/2044-6/30/2045			252,962				252,962	252,962
(9) Total (undiscounted)	1,603,745	549,978	6,071,098	489,147	8,396,623	4,585,393	21,695,983	17,304,131
(10) Probability of recovery	100%	100%	100%	100%	75%	50%		
(11) Probable recovery	1,603,745	549,978	6,071,098	489,147	6,297,467	2,292,696	17,304,131	17,304,131
(12) Discounted recovery	1,238,191	530,805	4,565,993	485,284	7,607,737	3,675,013	18,103,022	14,363,581

Notes:

- (1) - (6) Provided by Cal-Mortgage
- (7) = (1) + (2) + (3) + (4) + (5) + (6)
- (8) = (7), adjusted by probability of payment
- (9) Sum of each column
- (10) Provided by Cal-Mortgage
- (11) = (9) x (10)
- (12) Discounted total of payments, based on interest rates from Section III, Exhibit 1, Page 1, Column (14)

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Contingency Reserves Calculation
Based on Data as of June 30, 2020**

(1) Principal Outstanding	1,780,317,746
(2) Contingency Factor	0.80%
(3) Contingency Reserves Requirement	14,242,542

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*

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Unearned Premium Reserves Calculation
Based on Data as of June 30, 2020**

	(1)	(2)	(3)
Month	Annual Premium	Unearned Premium Reserve Factor	Unearned Premium Reserves
Jul-19	0	0.0417	0
Aug-19	0	0.1250	0
Sep-19	0	0.2083	0
Oct-19	0	0.2917	0
Nov-19	2,122	0.3750	796
Dec-19	1,026	0.4583	470
Jan-20	0	0.5417	0
Feb-20	0	0.6250	0
Mar-20	832	0.7083	589
Apr-20	0	0.7917	0
May-20	3,670	0.8750	3,211
Jun-20	0	0.9583	0

(4)	Subtotal (Annual Premium)	5,067
(5)	Subtotal (One-time Premium)	66,599,919
(6)	Total Unearned Premium Reserves	66,604,986

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)*

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Unearned Premium Reserves Calculation - One-time Nonrefundable Premium*
Based on Data as of June 30, 2020

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Project Number	Borrower Name	Project Name	Facility Group	LOC Term	Date Loan Insured	Original Insured Amount	Current Principal Balance	Total Premium	Unearned Premium
0764	Kern Valley Healthcare District	KERN VALLEY HEALTHCARE DISTRICT - L O C	HOSP	1	23-Jun-2000	5,000,000	50,000	6,075	0
0815	Principles, Inc.	PRINCIPLES, INC.	OTHER		29-Apr-2003	2,040,000	315,000	92,054	14,214
0826	Momentum For Mental Health	MOMENTUM FOR MENTAL HEALTH - AMBAC	OTHER		13-Nov-2003	10,500,000	1,915,000	462,698	84,387
0830	Kern Valley Healthcare District	KERN VALLEY HEALTHCARE DISTRICT	HOSP		13-Nov-2003	17,770,000	2,870,000	821,553	132,688
0859	Community Medical Centers, Inc.	COMMUNITY MEDICAL CENTERS, INC. - F G I C	CLINIC		12-Apr-2005	3,220,000	755,000	145,060	34,013
0897	Valley Health Team, Inc.	VALLEY HEALTH TEAM, INC.	CLINIC		11-Mar-2008	2,325,000	1,150,000	112,760	55,774
0900	La Maestra Family Clinic, Inc.	LA MAESTRA FAMILY CLINIC, INC.	CLINIC		04-Sep-2008	18,500,000	14,755,000	1,029,251	820,897
0911	Los Angeles Jewish Home for the Aging	LOS ANGELES JEWISH HOME FOR THE AGING - L O C	MULTI	5	20-Jan-2009	4,750,000	-	57,000	0
0930	Salud Para La Gente	SALUD PARA LA GENTE	CLINIC		17-Mar-2010	3,350,000	1,595,000	142,165	67,687
0931	The HELP Group	THE HELP GROUP	CLINIC		19-Nov-2009	5,395,000	4,430,000	335,920	275,834
0932	St. Rose Hospital	ST. ROSE HOSPITAL - L O C	HOSP	2	28-May-2009	10,000,000	42,175	0	0
0940	Casa De Las Campanas	Casa De Las Campanas	MULTI		28-Jan-2010	54,310,000	43,305,000	1,978,772	1,577,808
0951	Vocational Visions	VOCATIONAL VISIONS	OTHER		09-Jul-2010	2,370,000	1,805,000	129,960	98,978
0955	Lincoln Glen Manor for Senior Citizens	LINCOLN GLEN MANOR	MULTI		27-Apr-2011	14,000,000	430,000	805,319	24,735
0963	Community Program for Persons with Developmental Disabilities	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	OTHER		17-Feb-2011	76,970,000	39,035,000	2,319,304	1,176,225
0971	TLC Child & Family Services	TLC CHILD & FAMILY SERVICES	OTHER		06-Oct-2011	2,475,000	990,000	94,978	37,991
0974	Gateways Hospital & Mental Health Center	GATEWAYS HOSPITAL & MENTAL HEALTH CENTER	HOSP		01-Dec-2011	8,085,000	6,310,000	428,068	334,089
0976	The HELP Group	THE HELP GROUP	CLINIC		23-Oct-2011	23,360,000	9,290,000	901,645	358,574
0980	Beacon House Association, The	BEACON HOUSE ASSOCIATION, THE	OTHER		20-Oct-2011	5,500,000	5,500,000	21,171	0
903A	Enloe Medical Center	ENLOE MEDICAL CENTER	HOSP		20-Aug-2008	68,915,000	23,750,000	1,935,403	666,993
0991	Ararat Home of Los Angeles, Inc.	ARARAT HOME OF LOS ANGELES, INC.	MULTI		26-Nov-2012	2,990,000	415,000	103,445	14,358
0999	Becoming Independent	BECOMING INDEPENDENT	OTHER		30-Apr-2013	4,865,000	2,710,000	188,500	105,002
0988	Chinese Hospital	CHINESE HOSPITAL	HOSP		08-Nov-2012	65,000,000	57,960,000	2,347,615	2,093,351
1002	The Redwoods, A Community of Seniors	COMMUNITY CHURCH RETIREMENT CENTER (THE REDWOODS)	MULTI		26-Nov-2013	29,970,000	27,830,000	1,709,435	1,579,016
1012	Institute on Aging	INSTITUTE ON AGING - L O C	MULTI	1	24-Mar-2014	4,000,000	2,300,000	6,750	0
0941	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP		26-Sep-2013	17,605,000	4,435,000	791,659	103,286
1001	Montecedro	MONTECEDRO	MULTI		26-Nov-2013	140,305,000	43,880,000	5,513,337	1,724,281
0996	Northern California Retired Officer Community	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	MULTI		04-Apr-2013	32,315,000	17,030,000	806,505	425,028
0987	O'Connor Woods Holding Company	O'CONNOR WOODS	MULTI		12-Jun-2013	49,115,000	43,275,000	1,799,465	1,585,501
0982	Odd Fellows Home of California	ODD FELLOWS HOME OF CALIFORNIA	MULTI		25-Oct-2012	98,550,000	76,125,000	3,638,187	2,810,319
1003	Poway R H F Housing, Inc.	POWAY R H F HOUSING, INC. - THE GATEWAY	MULTI		07-Nov-2013	13,345,000	10,905,000	675,468	551,965
0983	San Benito Health Care District	SAN BENITO HEALTH CARE DISTRICT	HOSP		19-Mar-2013	24,915,000	16,480,000	953,981	631,010
1011	St. John's Well Child and Family Center	ST. JOHN'S WELL CHILD AND FAMILY CENTER - L O C	CLINIC	1	14-Jun-2013	2,200,000	1,792,000	0	0
0977	The HELP Group	THE HELP GROUP	CLINIC		02-Nov-2012	6,210,000	5,020,000	384,321	310,675
1018	California Nevada Methodist Homes	FOREST HILL MANOR (CA NEV METHODIST HOMES)	MULTI		20-Oct-2015	32,920,000	30,835,000	1,368,150	1,281,498
1015	Casa De Las Campanas	Casa De Las Campanas	MULTI		04-Dec-2014	19,000,000	17,045,000	279,145	250,423
1021	Enloe Medical Center	ENLOE MEDICAL CENTER	HOSP		19-Nov-2015	173,730,000	172,775,000	3,346,810	3,328,413
1016	Lincoln Glen Manor for Senior Citizens	LINCOLN GLEN MANOR	MULTI		11-Feb-2015	11,965,000	11,675,000	402,951	393,185
1009	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI		27-Aug-2014	115,605,000	33,635,000	4,956,309	1,442,026
1017	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP		09-Apr-2015	26,895,000	25,460,000	791,659	749,843
1014	Sierra View Homes, Inc.	NORTHERN CALIFORNIA PRESBYTERIAN HOMES	MULTI		15-Apr-2015	63,340,000	58,340,000	2,122,768	1,859,218
1027	Sierra View Homes Inc.	SIERRA VIEW HOMES INC	MULTI		09-Jun-2016	12,310,000	11,185,000	342,440	311,145
1006	Solvang Lutheran Home, Inc.	SOLVANG LUTHERAN HOME, INC.	MULTI		17-Jul-2014	3,470,000	3,145,000	151,941	137,710
1025	St. Rose Hospital	ST. ROSE HOSPITAL	HOSP		25-May-2016	38,000,000	28,982,626	1,014,952	774,104
1035	Asian Community Center of Sacramento Valley	ASIAN COMMUNITY SKILLED NURSING FACILITY	MULTI		22-Nov-2016	16,080,000	14,425,000	443,678	398,013
1032	Atherton Baptist Homes	ATHERTON BAPTIST HOMES	MULTI		04-Nov-2016	31,390,000	28,710,000	1,302,380	1,191,186
1053	California Nevada Methodist Homes	California Nevada Methodist Homes L O C	MULTI	1	27-Jun-2018	3,525,000	2,999,120	9,728	0
1031	Casa De Las Campanas	Casa De Las Campanas	MULTI		24-Aug-2017	39,000,000	51,000	541,157	709
1041	Channing House	CHANNING HOUSE	MULTI		18-Apr-2017	54,045,000	52,780,000	1,732,948	1,692,386
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	3,690,000	127,486	116,011
1043	Institute on Aging	INSTITUTE ON AGING	MULTI		31-May-2017	34,355,000	33,965,000	1,276,937	1,262,441
1022	Jewish Home of San Francisco	JEWISH HOME OF SAN FRANCISCO	SNF		29-Nov-2016	135,920,000	102,505,000	6,667,494	5,028,336
1030	Mendocino Coast Health Care District Corp.	MENDOCINO COAST HOSPITAL	HOSP		29-Jul-2016	5,745,000	4,105,000	170,817	122,055
1029	Mountain Shadows Support Group	MOUNTAIN SHADOWS SUPPORT GROUP	OTHER		27-Oct-2016	13,240,000	9,955,000	524,444	394,323
1037	Northern California Retired Officer Community	PARADISE VALLEY ESTATES	MULTI		30-Nov-2016	22,080,000	20,620,000	618,237	577,357
1045	Options Family of Services	Options Family of Services	OTHER		12-Oct-2017	2,140,000	1,845,000	61,203	52,766
1033	Petaluma Health Center	PETALUMA HEALTH CENTER	CLINIC		13-Sep-2016	5,775,000	5,235,000	153,716	139,343
1038	Pilgrim Place in Claremont, Inc.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI		30-Nov-2016	36,055,000	33,575,000	1,345,360	1,252,821
1028	Santa Rosa Community Health Centers	SANTA ROSA COMMUNITY HEALTH CENTERS	CLINIC		12-Jul-2016	11,105,000	9,445,000	174,301	148,246
1042	Southern California Development - V O A, Inc.	V O A NATIONAL CITY	OTHER		15-Mar-2017	4,700,000	4,295,000	154,947	141,595
1040	St. John's Well Child and Family Center	St. John's Well Child and Family Center	CLINIC		12-Jul-2017	5,250,000	4,955,000	174,251	164,460
1047	Viamonte Senior Living	Viamonte Senior Living	MULTI		24-May-2018	187,230,000	187,230,000	7,174,964	7,174,964
1052	Asian Community Center of Sacramento Valley	Asian Community Center of Sacramento Valley	MULTI		26-Jul-2018	26,915,000	26,915,000	1,302,272	1,302,272
1068	Inland Christian Home, Inc.	Inland Christian Home, Inc.	MULTI		27-Apr-2020	18,425,000	18,425,000	877,269	877,269
1056	Lincoln Glen Manor for Senior Citizens	Lincoln Glen Manor for Senior Citizens	MULTI		08-Nov-2018	6,105,000	6,105,000	295,720	295,720
1067	Lompoc District Hospital	Lompoc District Hospital	HOSP		19-Feb-2020	16,885,000	16,885,000	461,103	461,103
1064	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI		26-Sep-2019	49,730,000	49,730,000	1,511,051	1,511,051
1049	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI		06-Apr-2019	13,785,000	13,785,000	450,589	450,589
1071	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP		27-Apr-2020	68,875,000	68,875,000	3,079,456	3,079,456
1054	North Kern South Tulare Hospital District	North Kern South Tulare Hospital District	SNF		20-Feb-2019	4,300,000	4,035,000	62,367	58,523
1059	Northern California Retired Officer Community	Northern California Retired Officer Community	MULTI		07-Mar-2019	95,685,000	95,685,000	4,471,043	4,471,043
1058	The California Home for the Aged, Inc.	The California Home for the Aged, Inc.	MULTI		20-Nov-2018	24,660,000	24,660,000	1,346,305	1,346,305
1063	Town and Country Manor Christian & Missionary Alliance	Town and Country Manor Christian & Missionary Alliance	MULTI		13-Jun-2019	34,385,000	34,385,000	1,811,590	1,811,590
TOTALS						2,338,890,000	1,778,752,746	88,055,629	66,599,919

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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Distribution of Active Loans by Facility Type
Based on Data as of June 30, 2020**

	(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	14	9	547,620,000	428,937,626	17.9%	16.1%	23.3%	24.1%
Multi-levels	36	23	1,439,700,000	1,119,520,120	46.2%	41.1%	61.4%	62.9%
Clinics	14	10	92,445,000	60,700,000	17.9%	17.9%	3.9%	3.4%
SNF	2	2	140,220,000	106,540,000	2.6%	3.6%	6.0%	6.0%
Other	12	12	126,645,000	64,620,000	15.4%	21.4%	5.4%	3.6%
Total	78	56	2,346,630,000	1,780,317,746	100.0%	100.0%	100.0%	100.0%

Notes:

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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

Summary of Debt Service Coverage Ratios

Facility Type	Weighted Average							Average							Median						
	2019	2018	2017	2016	2015	2014	2013	2019	2018	2017	2016	2015	2014	2013	2019	2018	2017	2016	2015	2014	2013
Hospitals	2.00	2.13	2.37	1.70	3.32	2.53	1.93	1.81	2.10	2.31	1.78	2.99	1.83	1.36	1.51	2.17	2.58	2.58	2.63	1.63	1.11
Multi-levels	3.01	2.21	1.93	1.73	1.74	2.18	2.68	2.53	1.60	1.74	1.46	2.29	2.00	2.23	2.24	1.65	2.11	1.85	1.84	1.79	2.16
Clinics	2.81	1.76	2.54	3.17	4.06	3.62	2.89	2.24	1.94	3.15	3.13	4.27	5.07	2.17	2.57	2.19	3.02	3.27	3.29	2.81	2.68
SNF	2.19	1.81	2.33	8.86	2.02	2.42	2.52	2.11	1.95	2.68	5.72	2.03	2.19	2.45	1.09	3.55	4.12	2.92	2.04	1.90	2.33
Other	1.82	1.35	1.50	2.06	1.63	1.52	1.86	1.29	1.17	1.16	2.25	1.83	1.52	1.88	1.93	1.62	1.61	1.88	1.59	1.58	1.34
Total	2.63	2.10	2.10	2.61	2.51	2.42	2.33	2.13	1.77	2.08	1.85	2.80	2.31	1.79	2.02	1.67	2.20	2.15	2.26	1.93	1.81

Summary of Income Debt Service Ratios

Facility Type	Weighted Average							Average							Median						
	2019	2018	2017	2016	2015	2014	2013	2019	2018	2017	2016	2015	2014	2013	2019	2018	2017	2016	2015	2014	2013
Hospitals	0.63	0.78	0.93	0.28	2.10	1.36	0.86	0.53	0.84	0.93	0.49	1.85	0.78	0.47	0.38	0.82	1.03	1.23	1.55	0.48	0.30
Multi-levels	1.46	1.00	0.80	0.78	0.46	0.94	1.43	1.08	0.70	0.78	0.60	1.07	0.98	1.21	1.06	0.76	0.91	0.85	0.68	0.90	1.00
Clinics	1.91	0.79	1.70	2.13	2.76	2.30	1.55	1.41	1.07	2.27	2.14	3.11	3.73	1.20	1.15	1.41	1.68	2.23	1.97	1.49	1.12
SNF	1.70	1.33	1.53	6.70	0.77	1.23	1.15	1.59	1.44	1.82	3.97	0.79	1.00	1.07	0.04	2.69	3.01	1.54	0.82	0.71	0.92
Other	1.25	0.81	1.00	1.36	1.10	1.05	1.21	0.85	0.70	0.77	1.57	1.22	0.97	1.24	1.16	1.16	1.12	1.07	1.15	1.15	0.78
Total	1.28	0.95	0.96	1.41	1.31	1.27	1.18	0.94	0.82	1.05	0.86	1.66	1.27	0.86	1.06	0.95	1.08	1.08	1.29	1.05	0.97

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Summary of Debt Service Coverage Ratios over Last Seven Fiscal Years

Debt Service Coverage Ratios

Facility Type	2019			2018			2017			2016			2015			2014			2013		
	<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	0%	13%	88%	13%	0%	88%	0%	14%	86%	25%	0%	75%	18%	0%	82%	25%	8%	67%	46%	8%	46%
Multi-levels	9%	0%	91%	18%	14%	68%	19%	6%	75%	20%	5%	75%	25%	5%	70%	24%	10%	67%	16%	0%	84%
Clinics	0%	22%	78%	20%	0%	80%	0%	0%	100%	7%	0%	93%	5%	0%	95%	17%	4%	79%	23%	5%	73%
SNF	50%	0%	50%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%	50%	0%	50%	0%	0%	100%
Other	17%	17%	67%	31%	15%	54%	29%	0%	71%	13%	7%	80%	26%	16%	58%	18%	5%	77%	29%	19%	52%
Total	9%	9%	81%	20%	9%	71%	15%	4%	81%	15%	3%	82%	18%	6%	76%	21%	6%	73%	26%	8%	66%

Income Debt Service Ratios

Facility Type	2019			2018			2017			2016			2015			2014			2013		
	<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	63%	0%	38%	63%	0%	38%	43%	14%	43%	38%	13%	50%	45%	0%	55%	67%	17%	17%	69%	0%	31%
Multi-levels	45%	14%	41%	64%	9%	27%	56%	19%	25%	60%	15%	25%	55%	10%	35%	57%	14%	29%	47%	11%	42%
Clinics	44%	11%	44%	40%	10%	50%	25%	13%	63%	40%	0%	60%	20%	5%	75%	38%	0%	63%	32%	23%	45%
SNF	50%	0%	50%	0%	50%	50%	0%	0%	100%	33%	0%	67%	100%	0%	0%	50%	0%	50%	50%	0%	50%
Other	42%	17%	42%	46%	8%	46%	50%	0%	50%	47%	7%	47%	47%	5%	47%	45%	5%	50%	62%	10%	29%
Total	47%	11%	42%	46%	8%	46%	45%	11%	45%	48%	8%	44%	43%	6%	51%	49%	7%	43%	51%	12%	38%

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

Summary of Debt Service Ratios

Debt Service Coverage Ratios

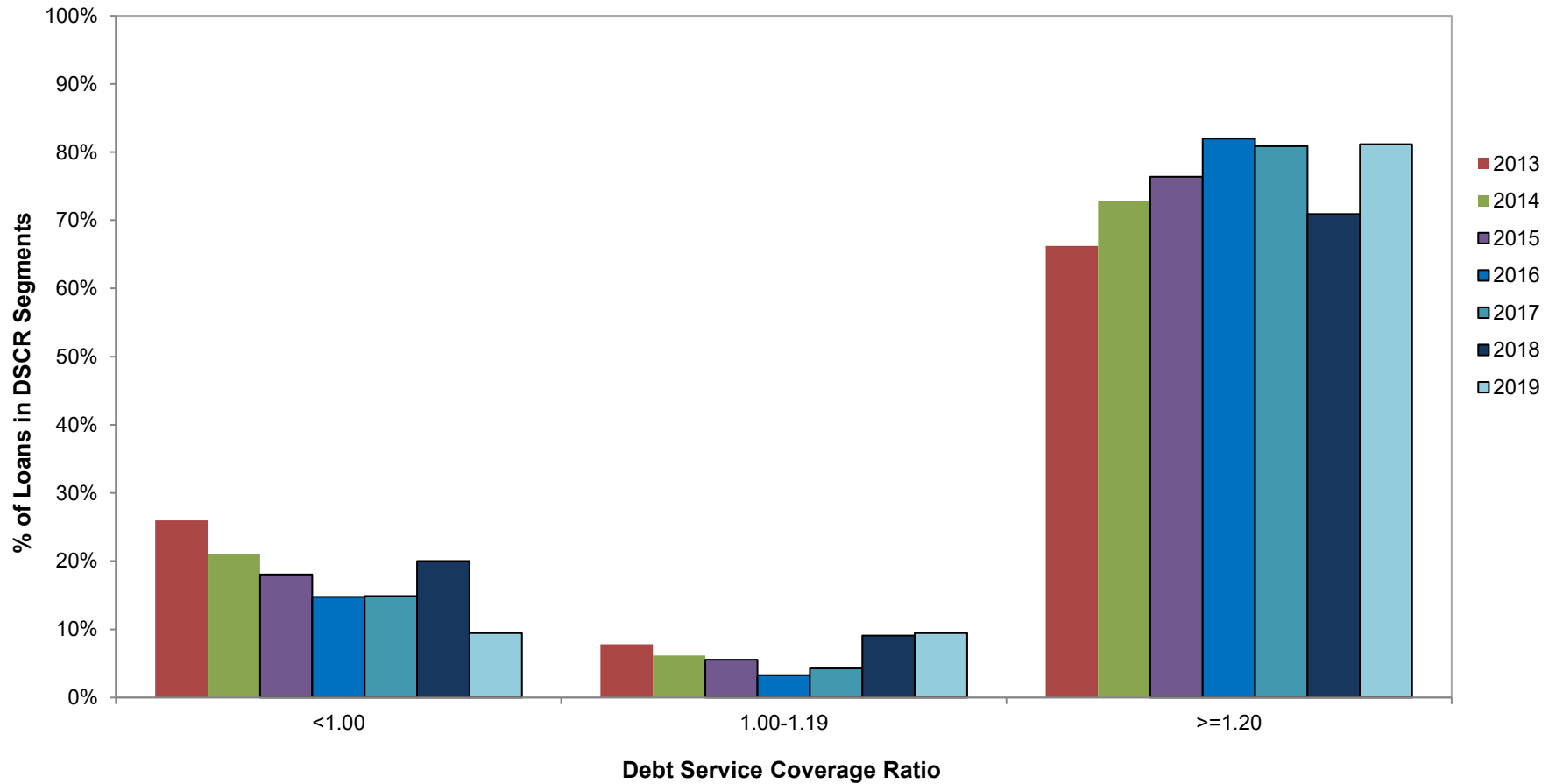
Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2013	26%	8%	66%	46%	8%	46%	16%	0%	84%	23%	5%	73%	0%	0%	100%	29%	19%	52%
2014	21%	6%	73%	25%	8%	67%	24%	10%	67%	17%	4%	79%	50%	0%	50%	18%	5%	77%
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%

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
2013	51%	12%	38%	69%	0%	31%	47%	11%	42%	32%	23%	45%	50%	0%	50%	62%	10%	29%
2014	49%	7%	43%	67%	17%	17%	57%	14%	29%	38%	0%	63%	50%	0%	50%	45%	5%	50%
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%

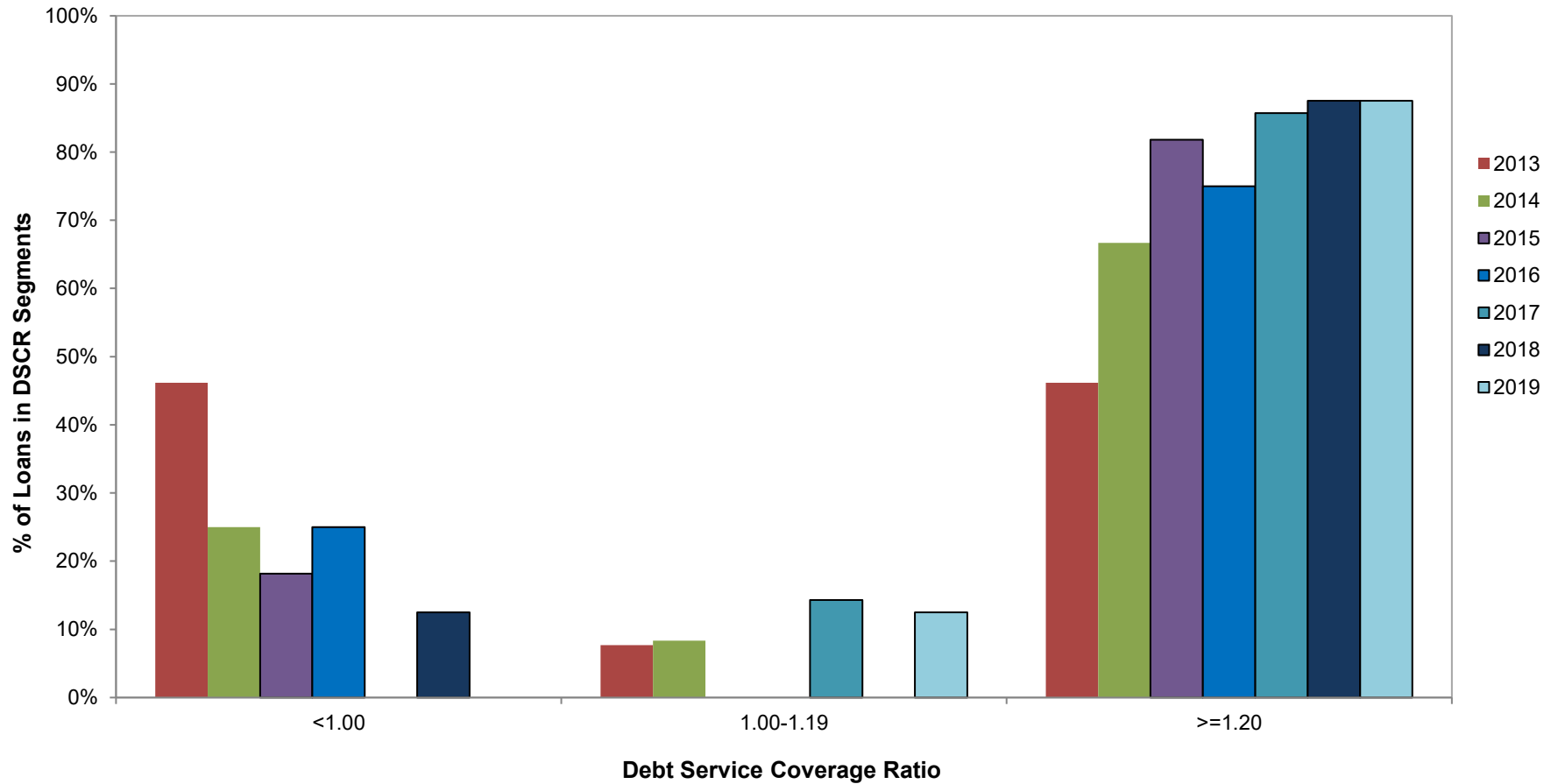
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution of In-Force Loans**

TOTAL



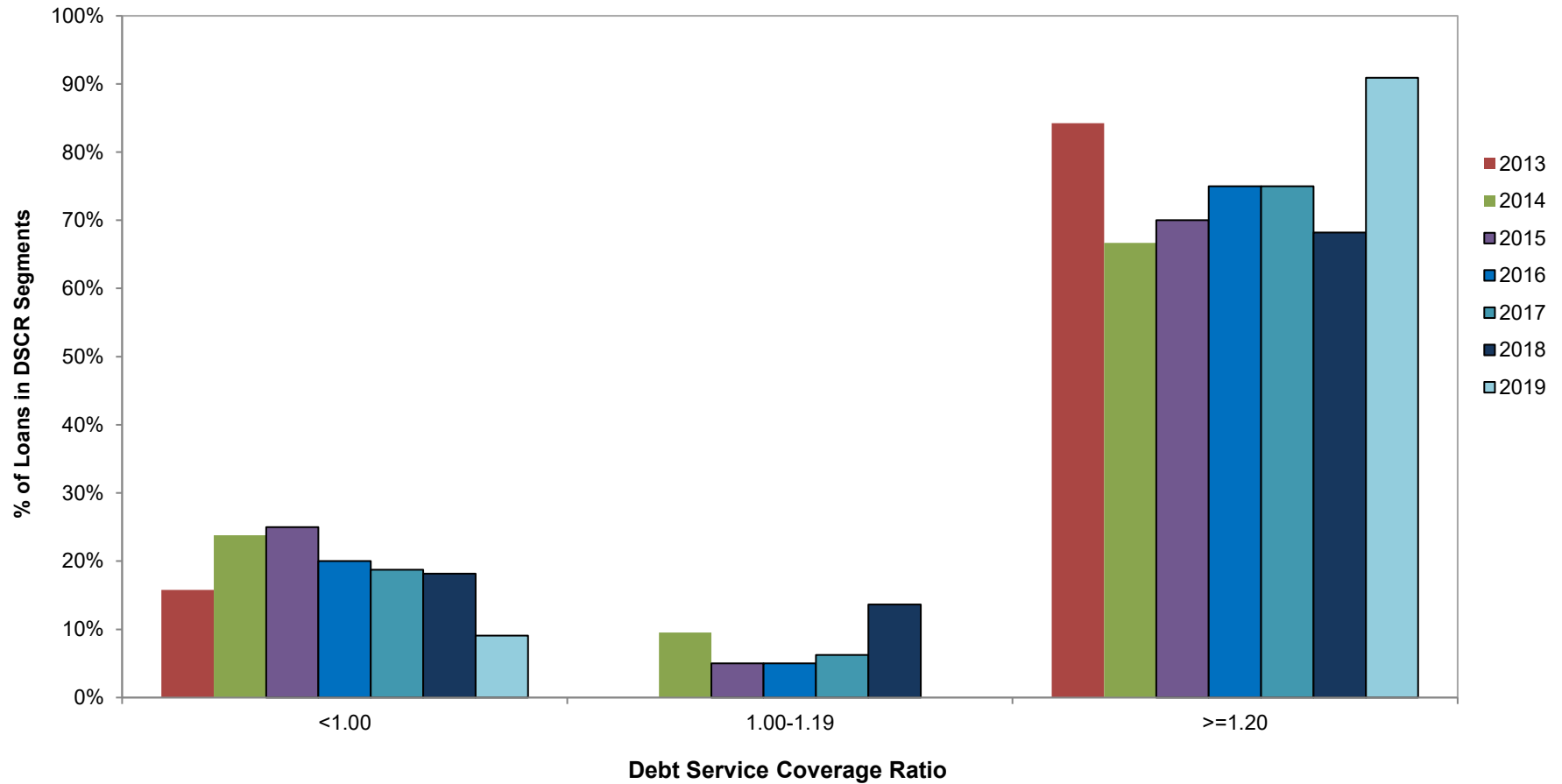
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution of In-Force Loans**

HOSPITALS



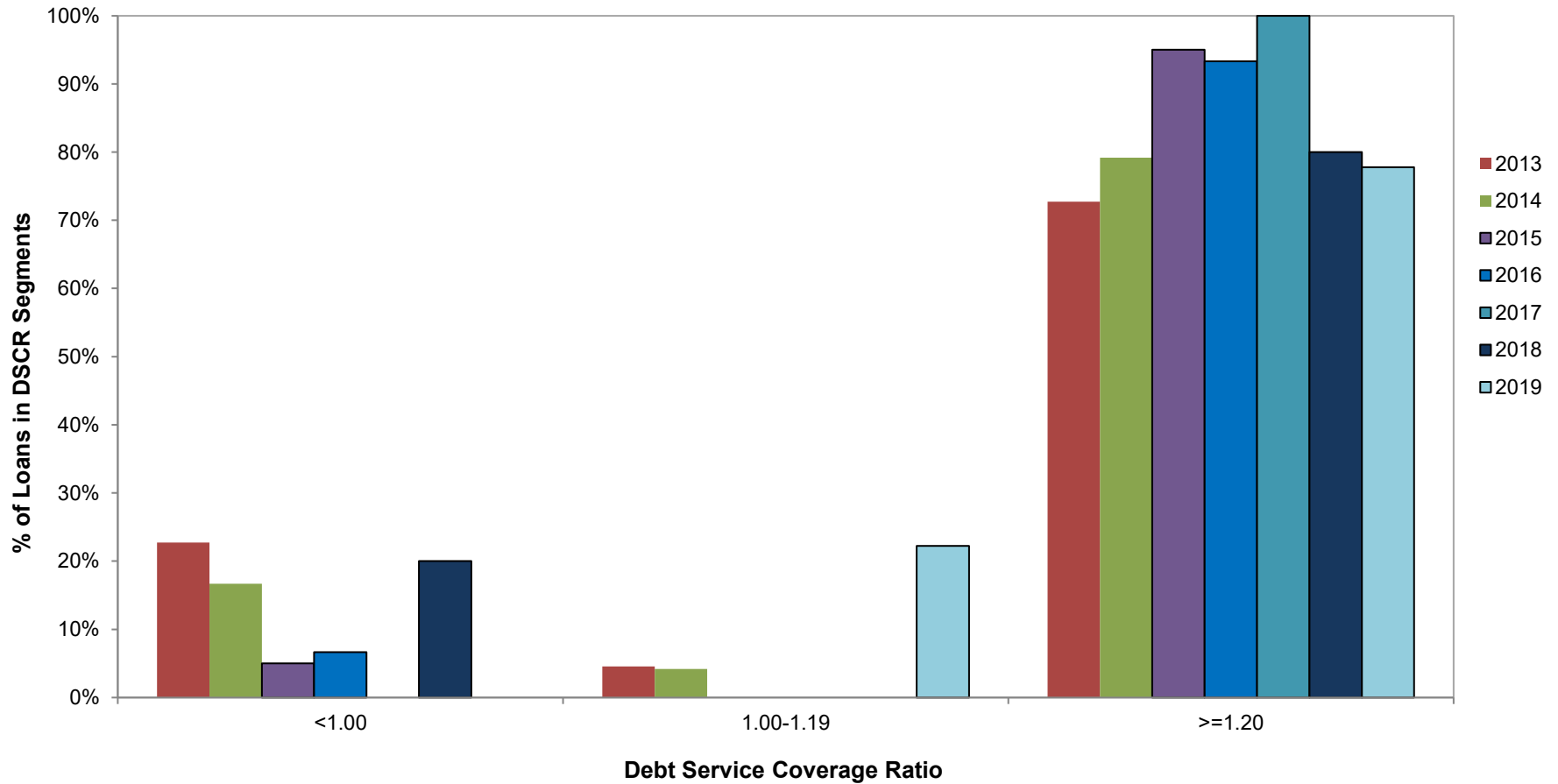
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution of In-Force Loans**

MULTI-LEVELS



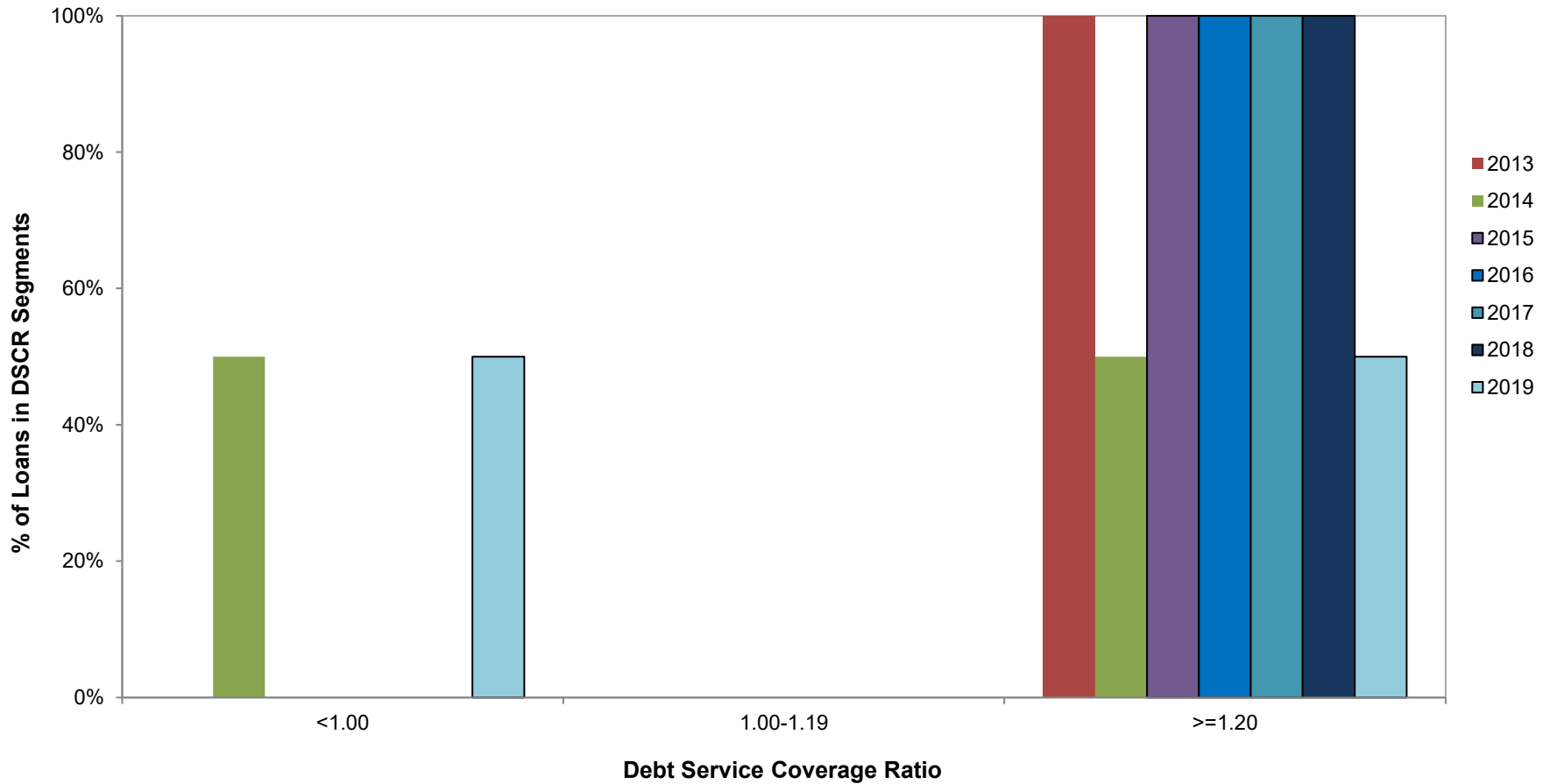
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution of In-Force Loans**

CLINICS



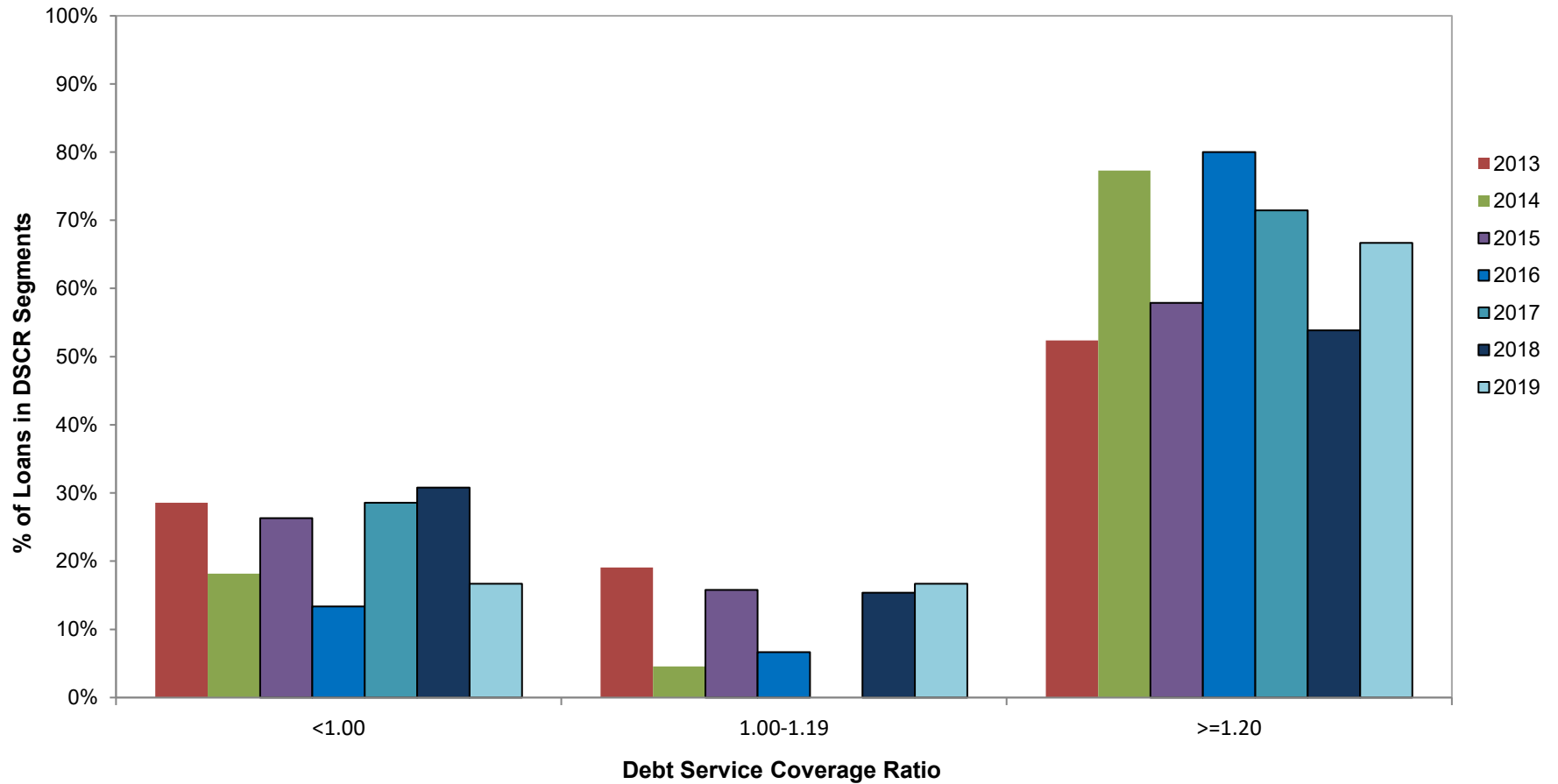
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans**

SKILLED NURSING FACILITIES (SNF)



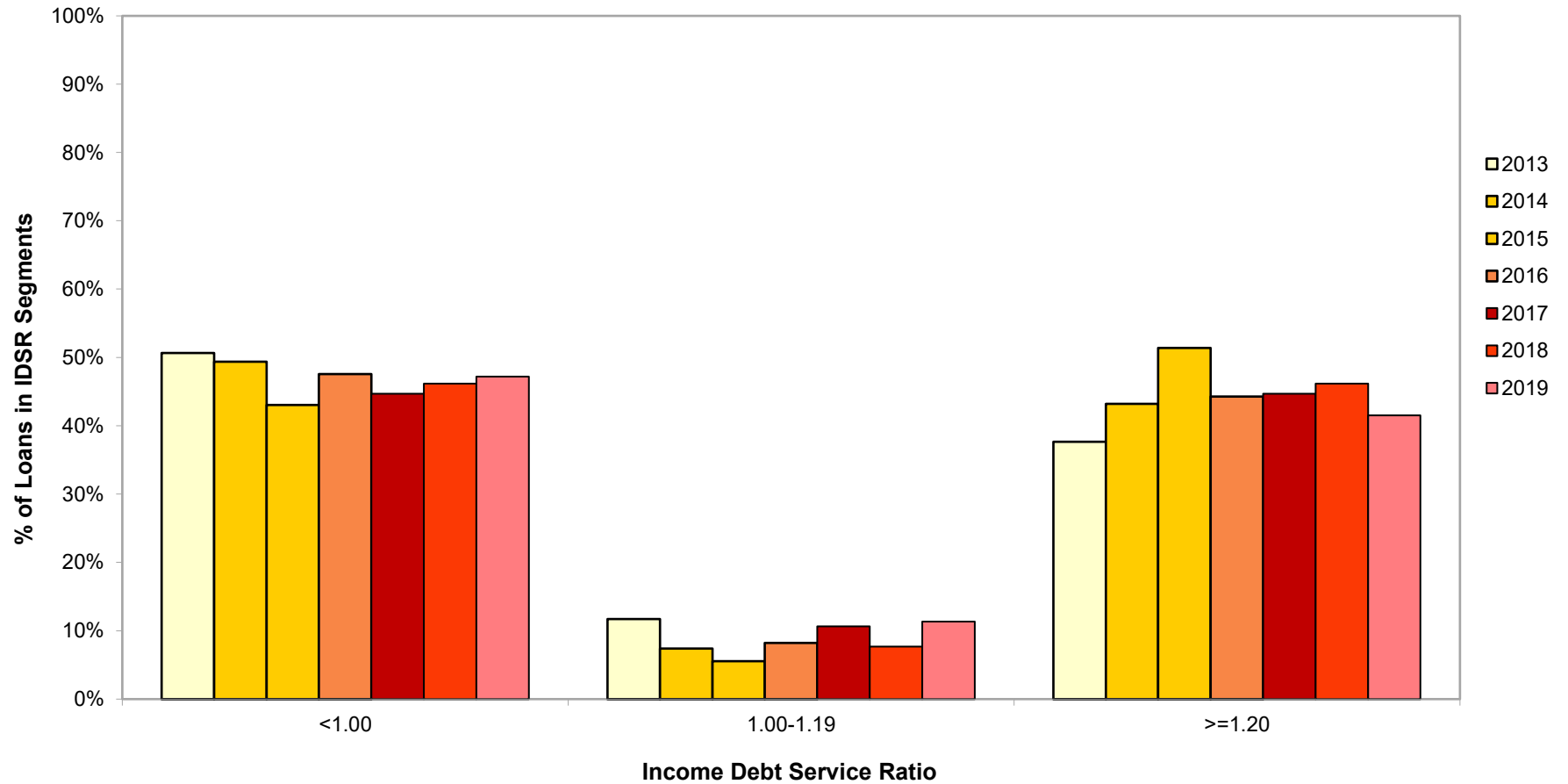
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution of In-Force Loans**

OTHER



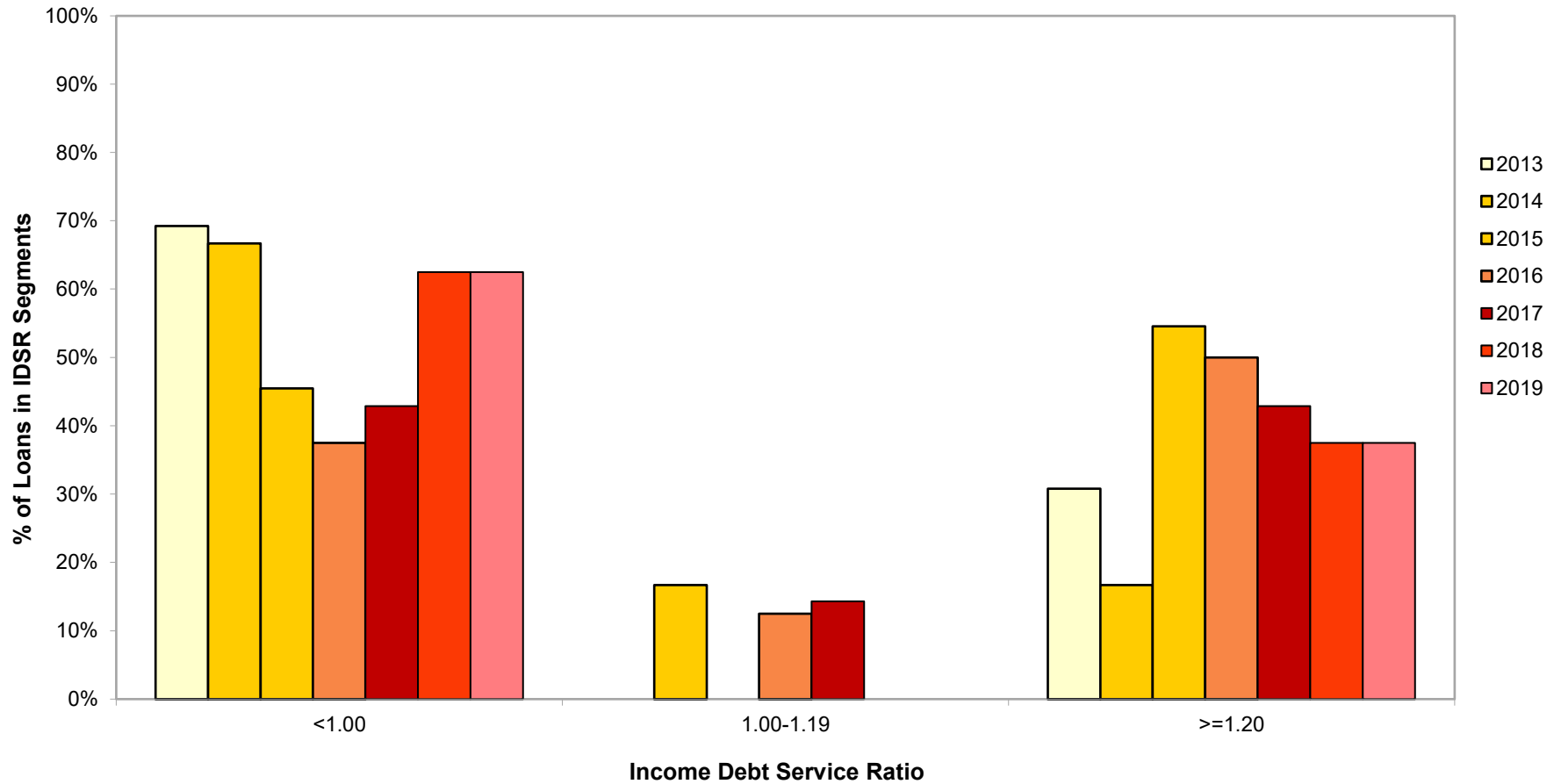
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution of In-Force Loans**

TOTAL



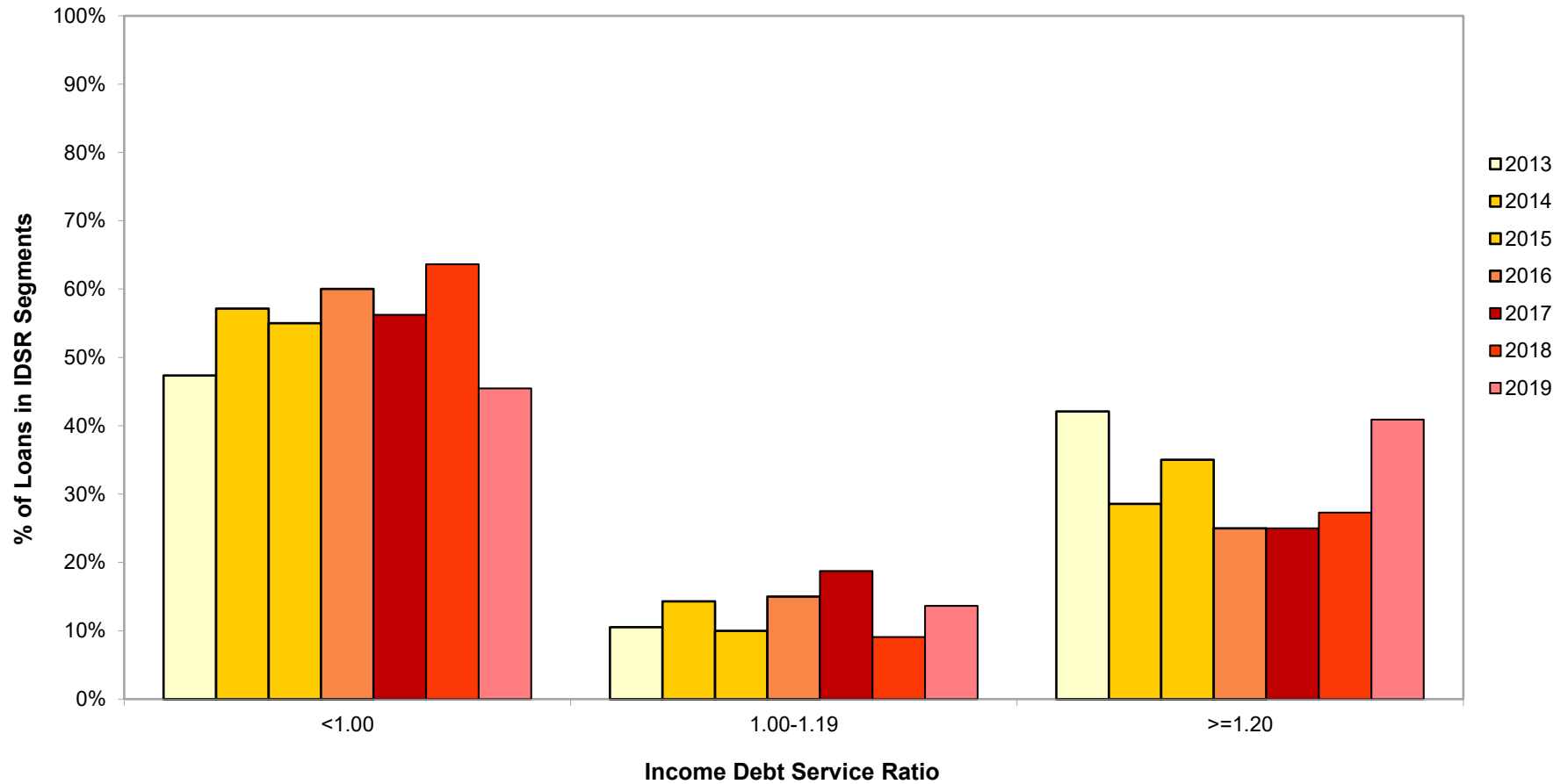
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans**

HOSPITALS



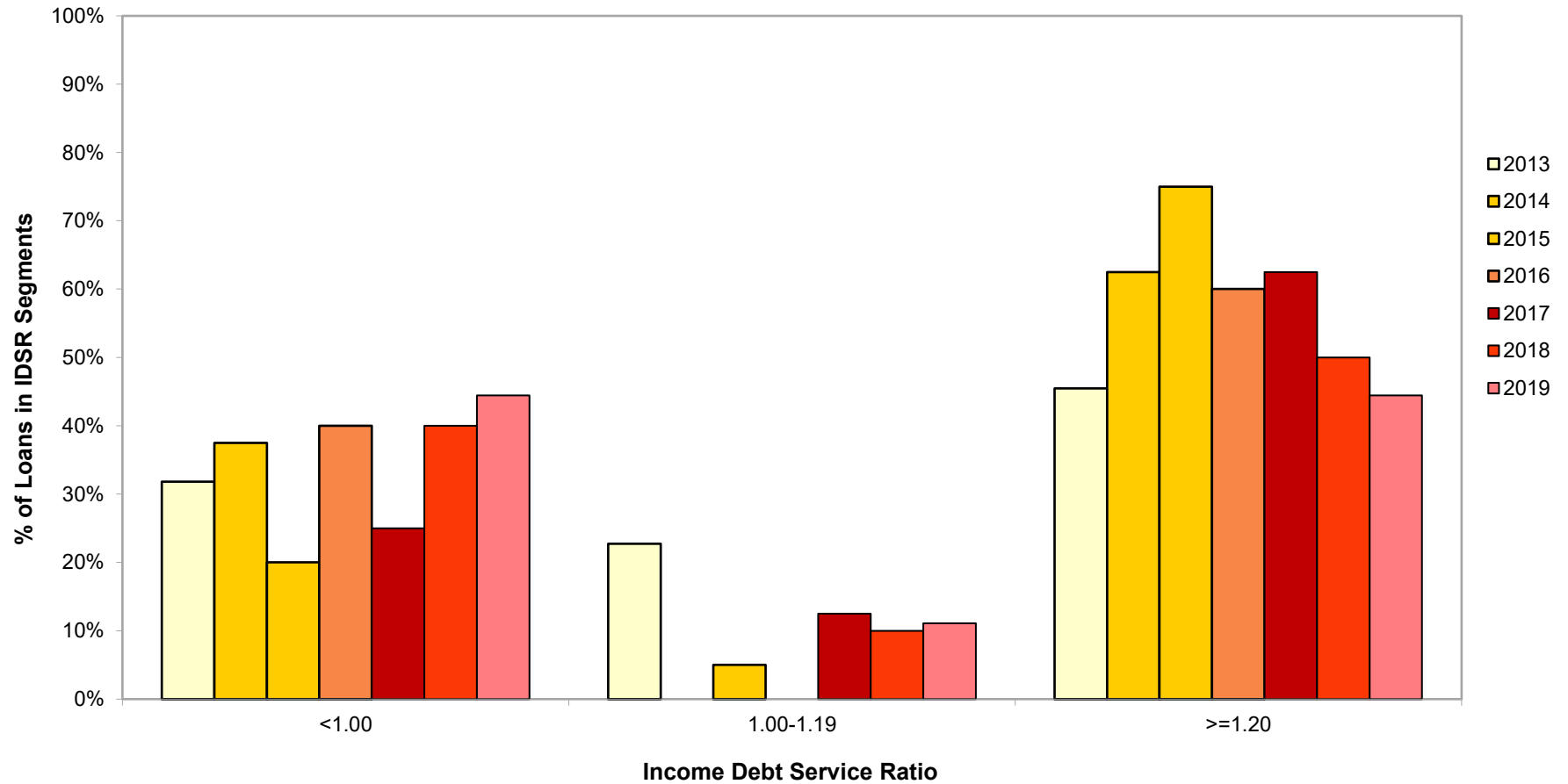
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution of In-Force Loans**

MULTI-LEVELS



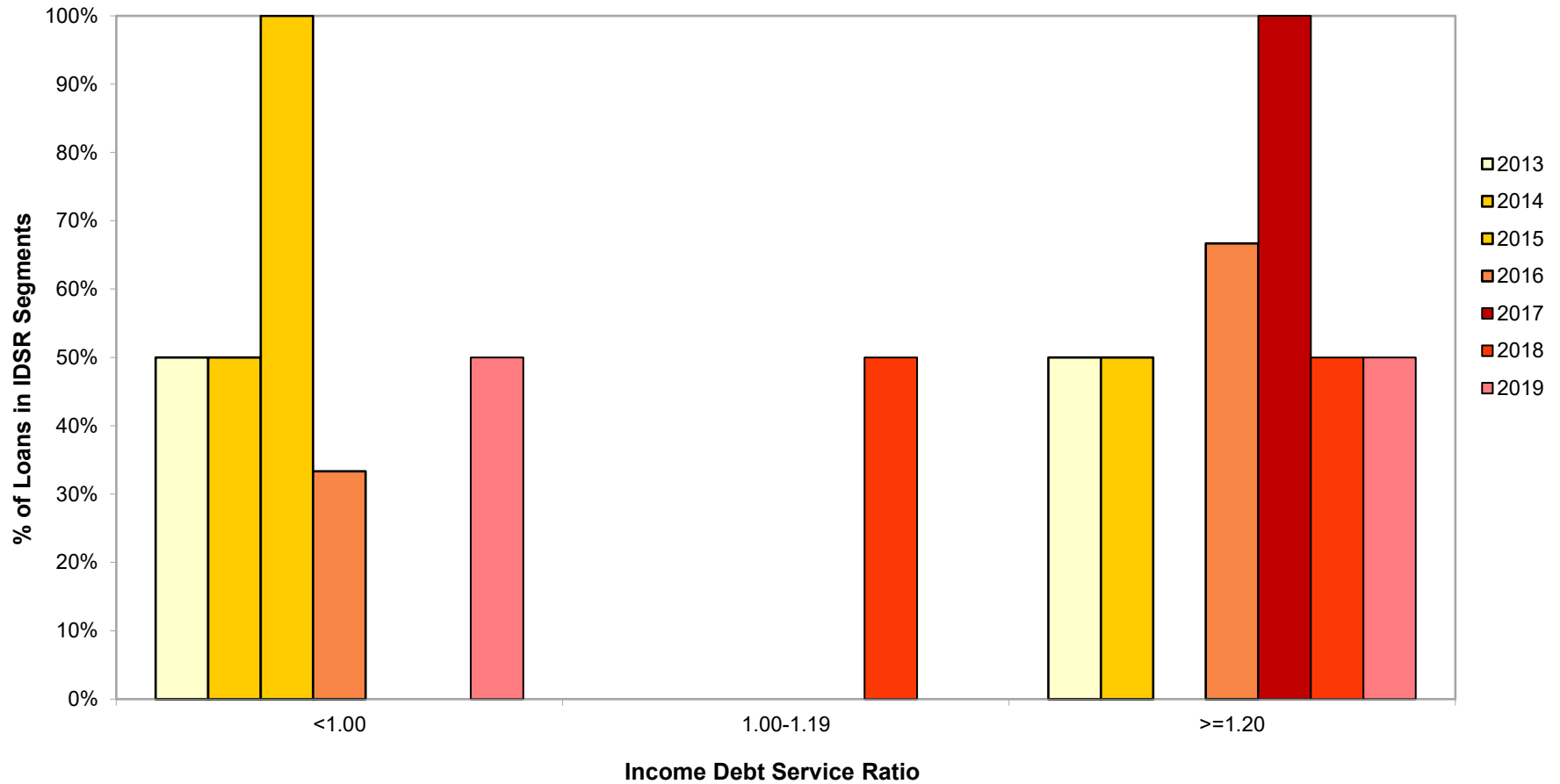
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution of In-Force Loans**

CLINICS



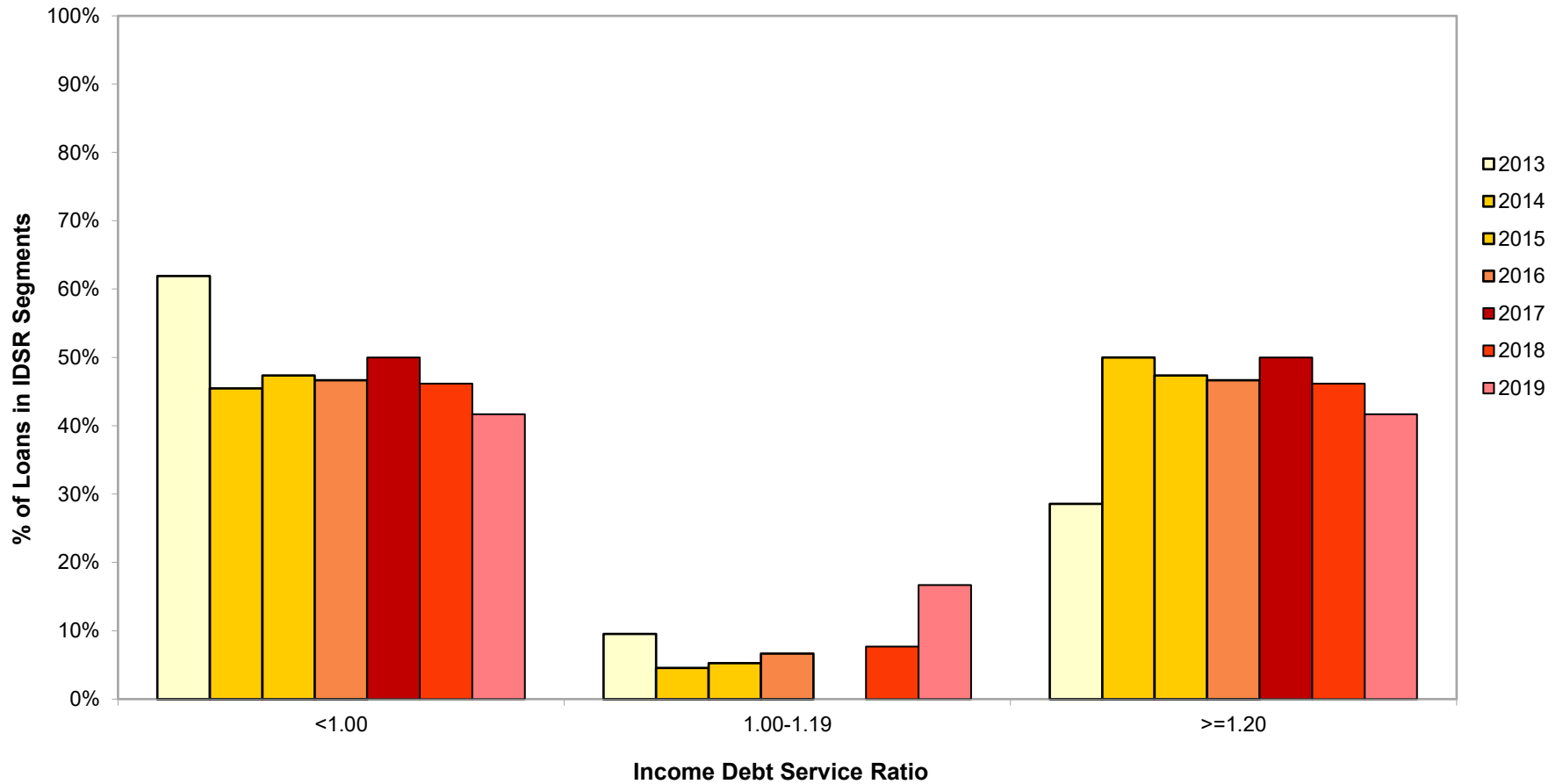
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution of In-Force Loans**

SKILLED NURSING FACILITIES (SNF)



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

OTHER



Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Cash Flow Analysis - New Loans Insured (Expected Scenario)
Baseline Scenario
Based on Data as of June 30, 2020

Year	Income from Annual Premium Loans					Income from Up-Front Premium Loans				Cash Inflow from Resolved Loans	Payment on Current Defaults	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	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income									
7/1/2019-6/30/2020				1,565,000	7,650	167,700,000		6,379,468	273,560									163,825,305
7/1/2020-6/30/2021	1,010,390	0	7.0%	939,663	6,262	225,000,000	4.42%	9,941,168	862,647	866,389	12,593,318	2,605,486	4,535,000	0.8%	1,229,715	(6,827,623)	156,997,682	
7/1/2021-6/30/2022	421,717	0	7.0%	392,197	3,330	225,000,000	4.42%	9,941,168	862,647	901,407	8,806,093	5,446,588	4,689,190	0.8%	1,233,998	(5,999,321)	150,998,361	
7/1/2022-6/30/2023	0	0	7.0%	0	980	225,000,000	4.42%	9,941,168	862,647	1,215,111	536,188	9,043,750	4,848,622	0.9%	1,385,243	(1,023,410)	149,974,951	
7/1/2023-6/30/2024	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,195,048	536,625	10,542,848	5,013,476	1.2%	1,757,987	(1,135,675)	148,839,275	
7/1/2024-6/30/2025	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,170,861	536,625	11,790,296	5,183,934	1.4%	2,018,216	(2,317,539)	146,521,736	
7/1/2025-6/30/2026	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,349,090	0	12,077,780	5,360,188	1.8%	2,551,525	(1,533,113)	144,988,623	
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,280,447	0	12,027,168	5,542,434	2.0%	2,908,346	(1,376,570)	143,612,053	
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,276,697	0	11,892,598	5,730,877	1.9%	2,716,262	(1,626,277)	141,985,776	
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	1,256,634	0	11,678,179	5,925,726	2.1%	2,933,755	(208,854)	141,776,922	
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	1,229,856	0	11,415,701	6,127,201	2.3%	3,170,124	61,740	141,838,662	
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	555,130	0	11,184,163	6,335,526	2.2%	3,015,268	(744,629)	141,094,033	
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	555,130	0	11,036,331	6,550,934	2.3%	3,165,521	(661,952)	140,432,080	
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	10,937,195	6,773,666	2.4%	3,332,204	581,560	141,013,640	
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	10,904,849	7,003,970	2.5%	3,516,771	568,167	141,581,807	
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	10,933,915	7,242,105	2.6%	3,704,512	488,708	142,070,516	
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	11,016,185	7,488,337	2.8%	3,907,377	1,334,226	143,404,741	
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	11,140,315	7,742,940	2.9%	4,126,081	1,174,196	144,578,937	
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	11,317,635	8,006,200	3.0%	4,346,474	954,009	145,532,947	
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	11,528,291	8,278,411	3.2%	4,566,740	691,409	146,224,355	
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	11,766,982	8,559,877	3.3%	4,785,145	389,657	146,614,012	
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	12,003,158	8,850,913	2.6%	3,804,200	(1,118,501)	145,495,511	
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	12,229,511	9,151,844	2.7%	3,846,638	(1,603,347)	143,892,164	
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	252,962	0	12,431,837	9,463,007	2.8%	3,874,825	(2,161,545)	141,730,619	
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	252,962	0	12,606,261	9,784,749	2.8%	3,887,964	(2,644,572)	139,086,047	
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	12,751,688	10,117,430	2.9%	3,882,685	(3,380,922)	135,705,124	
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	12,868,733	10,461,423	2.9%	3,857,907	(3,866,738)	131,838,386	
7/1/2046-6/30/2047	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	12,962,973	10,817,111	3.0%	3,816,140	(4,358,433)	127,479,953	
7/1/2047-6/30/2048	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	13,036,285	11,184,893	3.0%	3,756,241	(4,859,427)	122,620,526	
7/1/2048-6/30/2049	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	13,090,707	11,565,179	3.1%	3,676,889	(5,373,486)	117,247,039	
7/1/2049-6/30/2050	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	13,129,627	11,958,396	3.2%	3,576,546	(5,905,966)	111,341,073	

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9
- (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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Cash Flow Analysis - No New Loans Insured (Runoff)
Baseline Scenario
Based on Data as of June 30, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Income for Annual Premium Loans												
Year	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	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
7/1/2019-6/30/2020				1,565,000	7,650								163,825,305
7/1/2020-6/30/2021	1,010,390	0	7.0%	939,663	6,262	866,389	12,593,318	2,578,915	4,535,000	0.8%	1,188,247	(17,646,335)	146,178,970
7/1/2021-6/30/2022	421,717	0	7.0%	392,197	3,330	901,407	8,806,093	5,292,683	4,535,000	0.8%	1,104,738	(16,624,302)	129,554,669
7/1/2022-6/30/2023	0	0	7.0%	0	980	1,215,111	536,188	8,461,623	4,535,000	0.9%	1,141,126	(11,175,593)	118,379,076
7/1/2023-6/30/2024	0	0	7.0%	0	0	1,195,048	536,625	9,256,934	4,535,000	1.2%	1,323,416	(11,810,094)	106,568,982
7/1/2024-6/30/2025	0	0	7.0%	0	0	1,170,861	536,625	9,512,971	4,535,000	1.4%	1,374,114	(12,039,621)	94,529,361
7/1/2025-6/30/2026	0	0	7.0%	0	0	1,349,090	0	8,666,560	4,535,000	1.8%	1,564,743	(10,287,727)	84,241,634
7/1/2026-6/30/2027	0	0	7.0%	0	0	1,280,447	0	7,433,611	4,535,000	2.0%	1,606,353	(9,081,811)	75,159,823
7/1/2027-6/30/2028	0	0	7.0%	0	0	1,276,697	0	6,154,795	4,535,000	1.9%	1,353,001	(8,060,097)	67,099,725
7/1/2028-6/30/2029	0	0	7.0%	0	0	1,256,634	0	4,974,787	4,535,000	2.1%	1,315,732	(6,937,421)	60,162,305
7/1/2029-6/30/2030	0	0	7.0%	0	0	1,229,856	0	3,886,327	4,535,000	2.3%	1,278,844	(5,912,628)	54,249,677
7/1/2030-6/30/2031	0	0	7.0%	0	0	555,130	0	2,970,212	4,535,000	2.2%	1,093,888	(5,856,195)	48,393,482
7/1/2031-6/30/2032	0	0	7.0%	0	0	555,130	0	2,207,679	4,535,000	2.3%	1,030,298	(5,157,252)	43,236,230
7/1/2032-6/30/2033	0	0	7.0%	0	0	555,130	0	1,577,371	4,535,000	2.4%	969,482	(4,587,760)	38,648,470
7/1/2033-6/30/2034	0	0	7.0%	0	0	555,130	0	1,091,182	4,535,000	2.5%	910,144	(4,160,908)	34,487,563
7/1/2034-6/30/2035	0	0	7.0%	0	0	555,130	0	737,735	4,535,000	2.6%	850,311	(3,867,295)	30,620,268
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,860	0	480,308	4,535,000	2.8%	784,771	(3,904,677)	26,715,591
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,860	0	305,273	4,535,000	2.9%	711,041	(3,803,372)	22,912,219
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,860	0	185,761	4,535,000	3.0%	630,141	(3,764,761)	19,147,459
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,860	0	105,747	4,535,000	3.2%	540,331	(3,774,556)	15,372,903
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,860	0	56,448	4,535,000	3.3%	439,890	(3,825,698)	11,547,204
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,860	0	30,624	4,535,000	2.6%	248,788	(3,990,977)	7,556,227
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,860	0	15,261	4,535,000	2.7%	146,677	(4,077,724)	3,478,503
7/1/2042-6/30/2043	0	0	7.0%	0	0	252,962	0	7,770	4,535,000	2.8%	36,681	(4,253,126)	(774,623)
7/1/2043-6/30/2044	0	0	7.0%	0	0	252,962	0	4,046	4,535,000	2.8%	(81,926)	(4,368,009)	(5,142,632)
7/1/2044-6/30/2045	0	0	7.0%	0	0	0	0	2,077	4,535,000	2.9%	(212,435)	(4,749,512)	(9,892,145)
7/1/2045-6/30/2046	0	0	7.0%	0	0	0	0	955	4,535,000	2.9%	(355,822)	(4,891,777)	(14,783,922)
7/1/2046-6/30/2047	0	0	7.0%	0	0	0	0	466	4,535,000	3.0%	(509,362)	(5,044,828)	(19,828,750)
7/1/2047-6/30/2048	0	0	7.0%	0	0	0	0	196	4,535,000	3.0%	(673,847)	(5,209,044)	(25,037,794)
7/1/2048-6/30/2049	0	0	7.0%	0	0	0	0	47	4,535,000	3.1%	(850,149)	(5,385,196)	(30,422,991)
7/1/2049-6/30/2050	0	0	7.0%	0	0	0	0	0	4,535,000	3.2%	(1,039,227)	(5,574,227)	(35,997,217)

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9
- (3) Selected
- (4) = $[(1) - (2)] \times [1 - (3)]$
- (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) = $[0.5 \times [(5) + (6) - (7) - (8) - (9)] + \text{prior cash balance}] \times (10)$
- (12) = $(5) + (6) - (7) - (8) - (9) + (11)$
- (13) = $(12) + (13) \text{ prior}$

Cal-Mortgage Loan Insurance Division
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, 2020

Year	(1) - (4) Income for Annual Premium Loans				(5) - (8) Income from Up-Front Premium Loans				(9) Certification and Inspection Fee Income	(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									
7/1/2019-6/30/2020				1,565,000	7,650	167,700,000		6,379,468	273,560								163,825,305
7/1/2020-6/30/2021	1,010,390	0	7.0%	939,663	6,262	225,000,000	4.42%	9,941,168	862,647	866,389	12,593,318	3,063,864	4,535,000	0.8%	1,227,952	(7,287,764)	156,537,541
7/1/2021-6/30/2022	421,717	0	7.0%	392,197	3,330	225,000,000	4.42%	9,941,168	862,647	901,407	8,806,093	6,401,971	4,689,190	0.8%	1,226,453	(6,962,249)	149,575,292
7/1/2022-6/30/2023	0	0	7.0%	0	980	225,000,000	4.42%	9,941,168	862,647	1,215,111	536,188	10,628,730	4,848,622	0.9%	1,364,755	(2,628,879)	146,946,413
7/1/2023-6/30/2024	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,195,048	536,625	12,392,483	5,013,476	1.2%	1,711,194	(3,032,103)	143,914,310
7/1/2024-6/30/2025	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,170,861	536,625	13,874,077	5,183,934	1.4%	1,936,111	(4,483,426)	139,430,884
7/1/2025-6/30/2026	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,349,090	0	14,242,624	5,360,188	1.8%	2,407,184	(3,842,298)	135,588,587
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,280,447	0	14,229,535	5,542,434	2.0%	2,694,541	(3,792,742)	131,795,845
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,276,697	0	14,129,926	5,730,877	1.9%	2,467,857	(4,112,009)	127,683,836
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	1,256,634	0	13,944,649	5,925,726	2.1%	2,611,259	(2,797,819)	124,886,017
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	1,229,856	0	13,705,424	6,127,201	2.3%	2,762,375	(2,635,732)	122,250,285
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	555,130	0	13,501,008	6,336,526	2.2%	2,568,299	(3,508,442)	118,741,843
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	555,130	0	13,390,218	6,550,934	2.3%	2,630,373	(3,550,986)	115,190,857
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	13,330,225	6,773,666	2.4%	2,698,679	(2,444,995)	112,745,862
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	13,341,878	7,003,970	2.5%	2,773,636	(2,611,996)	110,133,866
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	13,420,106	7,242,105	2.6%	2,839,320	(2,862,875)	107,271,191
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	13,555,706	7,488,337	2.8%	2,906,300	(2,206,372)	105,064,819
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	13,735,389	7,742,940	2.9%	3,073,761	(2,573,198)	102,491,621
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	13,973,742	8,006,200	3.0%	3,025,784	(3,022,788)	99,468,834
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	14,247,851	8,278,411	3.2%	3,058,525	(3,536,366)	95,932,467
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	14,552,565	8,559,877	3.3%	3,067,972	(4,113,100)	91,819,368
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	14,851,129	8,850,913	2.6%	3,320,586	(5,450,086)	86,369,282
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	15,135,456	9,151,844	2.7%	2,214,464	(6,141,465)	80,227,817
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	252,962	0	15,388,544	9,463,007	2.8%	2,083,035	(6,910,043)	73,317,775
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	252,962	0	15,606,022	9,784,749	2.8%	1,924,873	(7,607,425)	65,710,360
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	15,786,891	10,117,430	2.9%	1,735,930	(8,562,880)	57,147,469
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	15,896,243	10,461,423	2.9%	1,514,904	(9,237,251)	47,910,219
7/1/2046-6/30/2047	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	15,838,371	10,817,111	3.0%	1,266,118	(9,783,853)	38,126,365
7/1/2047-6/30/2048	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	15,336,056	11,184,893	3.0%	996,259	(9,919,180)	28,207,186
7/1/2048-6/30/2049	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	14,404,156	11,565,179	3.1%	716,890	(9,646,934)	18,560,251
7/1/2049-6/30/2050	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	13,015,074	11,958,396	3.2%	441,125	(8,926,834)	9,633,418

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 4.0% 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

Cal-Mortgage Loan Insurance Division
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, 2020

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									
7/1/2019-6/30/2020				1,565,000	7,650	167,700,000		6,379,468	273,560									163,825,305
7/1/2020-6/30/2021	1,010,390	0	7.0%	939,663	6,262	225,000,000	4.42%	9,941,168	862,647	866,389	12,593,318	3,522,241	4,535,000	0.8%	1,226,188	(7,747,905)	156,077,400	
7/1/2021-6/30/2022	421,717	0	7.0%	392,197	3,330	225,000,000	4.42%	9,941,168	862,647	901,407	8,806,093	7,357,353	4,689,190	0.8%	1,218,908	(7,925,177)	148,152,223	
7/1/2022-6/30/2023	0	0	7.0%	0	980	225,000,000	4.42%	9,941,168	862,647	1,215,111	536,188	12,213,711	4,848,622	0.9%	1,344,266	(4,234,348)	143,917,875	
7/1/2023-6/30/2024	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,195,048	536,625	14,242,118	5,013,476	1.2%	1,664,402	(4,928,530)	138,989,345	
7/1/2024-6/30/2025	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,170,861	536,625	15,957,859	5,163,934	1.4%	1,854,006	(6,649,312)	132,340,033	
7/1/2025-6/30/2026	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,349,090	0	16,407,467	5,360,188	1.8%	2,262,843	(6,151,483)	126,188,550	
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,280,447	0	16,431,902	5,542,434	2.0%	2,480,737	(6,208,913)	119,979,637	
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.42%	11,045,742	958,497	1,276,697	0	16,367,253	5,730,877	1.9%	2,219,453	(6,597,741)	113,381,896	
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	1,256,634	0	16,211,118	5,925,726	2.1%	2,288,764	(5,386,783)	107,995,113	
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	1,229,856	0	15,995,148	6,127,201	2.3%	2,354,627	(5,333,204)	102,661,909	
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	555,130	0	15,817,862	6,335,526	2.2%	2,121,331	(6,272,255)	96,389,654	
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.42%	12,150,316	1,054,347	555,130	0	15,744,105	6,550,934	2.3%	2,095,226	(6,440,020)	89,949,633	
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	15,723,255	6,773,666	2.4%	2,065,154	(5,471,550)	84,478,083	
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	15,778,906	7,003,970	2.5%	2,030,501	(5,792,158)	78,685,925	
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.42%	13,254,890	1,150,196	555,130	0	15,906,297	7,242,105	2.6%	1,974,128	(6,214,059)	72,471,866	
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	16,995,226	7,488,337	2.8%	1,905,224	(5,746,969)	66,724,897	
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	16,330,463	7,742,940	2.9%	1,821,441	(6,320,592)	60,404,306	
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	16,629,849	8,006,200	3.0%	1,705,994	(6,999,585)	53,404,721	
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	16,967,410	8,278,411	3.2%	1,550,310	(7,764,141)	45,640,579	
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	17,336,147	8,559,877	3.3%	1,350,798	(8,615,856)	37,024,723	
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	17,699,100	8,850,913	2.6%	836,972	(9,781,671)	27,243,053	
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	325,860	0	18,041,400	9,151,844	2.7%	582,291	(10,679,582)	16,563,470	
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	252,962	0	18,345,252	9,463,007	2.8%	291,245	(11,658,540)	4,904,930	
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	252,962	0	18,605,783	9,784,749	2.8%	(38,219)	(12,570,278)	(7,665,347)	
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	18,822,093	10,117,430	2.9%	(410,825)	(13,744,838)	(21,410,186)	
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	18,995,786	10,461,423	2.9%	(829,153)	(14,680,851)	(36,091,037)	
7/1/2046-6/30/2047	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	19,135,353	10,817,111	3.0%	(1,292,384)	(15,639,338)	(51,730,375)	
7/1/2047-6/30/2048	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	19,243,804	11,184,893	3.0%	(1,803,586)	(16,626,772)	(68,357,147)	
7/1/2048-6/30/2049	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	19,324,259	11,565,179	3.1%	(2,366,227)	(17,650,155)	(86,007,302)	
7/1/2049-6/30/2050	0	0	7.0%	0	0	325,000,000	4.42%	14,359,464	1,246,046	0	0	19,381,775	11,958,396	3.2%	(2,984,263)	(18,718,924)	(104,726,226)	

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 4.0% 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 8
- (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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Default Rate
Based on Data as of June 30, 2020**

	Based on Industry Loss Experience	Cal-Mortgage	
		Including Triad	Excluding Triad
(1) Selected Hospitals Default Rate	0.94%		
(2) Cal-Mortgage's Hospitals In-Force Current Principal Balance	500,517,626		
(3) Selected Nursing Homes Default Rate	11.00%		
(4) Cal-Mortgage's Nursing Homes In-Force Current Principal Balance	1,279,800,120		
(5) Combined Cal-Mortgage's Hospitals and Nursing Homes Default Rate	8.17%	4.20%	1.92%
(6) 2018 Selected Default Rate	6.40%		
(7) New Selected Long-Term Default Rate	6.30%		
(8) Original Loan Amount Default as of 6/30/2020 - Expected vs. Actual	263,536,352	336,500,000	154,270,000

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 6/30/2018
- (7) Selected
- (8) Based on (7) and Cal-Mortgage Data

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Selection of Ultimate Default Rate
Based on Data as of June 30, 2020**

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	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	0.77%	0.77%	0.77%	0.77%
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%	2.37%	2.37%	2.37%
2004	25,692,900	0.13%	0.13%	0.14%	0.13%
2005	34,117,000	0.42%	0.43%	0.43%	0.43%
2006	32,708,000	0.15%	0.16%	0.18%	0.17%
2007	40,993,900	2.58%	2.70%	2.63%	2.66%
2008	58,165,000	0.82%	0.87%	0.88%	0.88%
2009	43,923,200	0.02%	0.02%	0.13%	0.07%
2010	28,106,300	0.21%	0.25%	0.38%	0.32%
2011	22,644,500	0.23%	0.28%	0.44%	0.36%
2012	27,202,400	0.45%	0.61%	0.72%	0.67%
2013	18,424,500	0.00%	0.00%	0.38%	0.38%
2014	16,235,800	0.00%	0.00%	0.48%	0.48%
2015	23,157,400	0.11%	0.26%	0.73%	0.73%
2016	37,247,500	0.00%	0.00%	0.75%	0.75%
2017	34,727,700	0.00%	0.00%	0.86%	0.86%
2018	22,826,400	0.00%	0.00%	0.99%	0.99%
2019	29,126,600	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 1981-2017 0.94%
 Weighted Average 1981-1987 1.31%
 Weighted Average 1988-2008 1.11%
 Weighted Average 2009-2017 0.51%
 Arithmetic Average 1981-2017 1.02%
 Arithmetic Average 1981-1987 1.47%
 Arithmetic Average 1988-2008 1.09%
 Arithmetic Average 2009-2017 0.51%

Prior Selection 1.15%

(6) Selected Long-Term Default Rate 0.94%

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Loss Development Method
Based on Data as of June 30, 2020**

	(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	468	4,606,300	89,265	1.000	89,265	1.94%
1982	456	8,153,200	92,275	1.000	92,275	1.13%
1983	444	8,817,100	24,345	1.000	24,345	0.28%
1984	432	7,589,500	17,445	1.000	17,445	0.23%
1985	420	23,821,200	217,640	1.000	217,640	0.91%
1986	408	7,184,300	278,965	1.000	278,965	3.88%
1987	396	11,121,100	213,773	1.000	213,773	1.92%
1988	384	10,757,500	48,167	1.000	48,167	0.45%
1989	372	13,397,300	81,805	1.000	81,805	0.61%
1990	360	12,003,000	98,575	1.000	98,575	0.82%
1991	348	15,968,000	442,310	1.000	442,310	2.77%
1992	336	20,414,100	550,989	1.000	550,989	2.70%
1993	324	29,001,500	404,000	1.000	404,000	1.39%
1994	312	13,536,700	154,750	1.000	154,750	1.14%
1995	300	11,442,100	33,370	1.000	33,370	0.29%
1996	288	16,356,200	539,105	1.000	539,105	3.30%
1997	276	22,036,300	220,275	1.000	220,275	1.00%
1998	264	33,623,500	258,890	1.000	258,890	0.77%
1999	252	21,678,800	98,585	1.000	98,585	0.45%
2000	240	14,147,100	6,975	1.000	6,975	0.05%
2001	228	20,232,300	9,110	1.000	9,110	0.05%
2002	216	21,982,400	97,560	1.000	97,560	0.44%
2003	204	25,228,700	595,995	1.005	598,975	2.37%
2004	192	25,692,900	32,680	1.010	33,008	0.13%
2005	180	34,117,000	143,075	1.015	145,232	0.43%
2006	168	32,708,000	49,575	1.025	50,826	0.16%
2007	156	40,993,900	1,058,669	1.044	1,104,912	2.70%
2008	144	58,165,000	476,730	1.065	507,505	0.87%
2009	132	43,923,200	7,875	1.118	8,803	0.02%
2010	120	28,106,300	60,220	1.185	71,352	0.25%
2011	108	22,644,500	51,135	1.256	64,222	0.28%
2012	96	27,202,400	122,049	1.356	165,549	0.61%
2013	84	18,424,500	0	1.560	0	0.00%
2014	72	16,235,800	0	1.841	0	0.00%
2015	60	23,157,400	24,995	2.439	60,959	0.26%
2016	48	37,247,500	0	3.475	0	0.00%
2017	36	34,727,700	0	5.648	0	0.00%
2018	24	22,826,400	0	18.637	0	0.00%
2019	12	29,126,600	0	88.525	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 1981-2017 0.83%
 Weighted Average 1981-1987 1.31%
 Weighted Average 1988-2008 1.11%
 Weighted Average 2009-2017 0.15%
 Arithmetic Average 1981-2017 0.94%
 Arithmetic Average 1981-1987 1.47%
 Arithmetic Average 1988-2008 1.09%
 Arithmetic Average 2009-2017 0.16%

Prior Selected 1.10%

(6) Selected Initial Default Rate **1.05%**

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Bornhuetter-Ferguson Method
Based on Data as of June 30, 2020**

	(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	258,890	258,890	0.77%
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	0.5%	1,318	263,583	595,995	597,313	2.37%
2004	25,692,900	1.05%	269,775	1.0%	2,678	267,098	32,680	35,358	0.14%
2005	34,117,000	1.05%	358,229	1.5%	5,320	352,908	143,075	148,395	0.43%
2006	32,708,000	1.05%	343,434	2.5%	8,450	334,984	49,575	58,025	0.18%
2007	40,993,900	1.05%	430,436	4.2%	18,015	412,421	1,058,669	1,076,684	2.63%
2008	58,165,000	1.05%	610,733	6.1%	37,034	573,698	476,730	513,764	0.88%
2009	43,923,200	1.05%	461,194	10.5%	48,596	412,597	7,875	56,471	0.13%
2010	28,106,300	1.05%	295,116	15.6%	46,041	249,075	60,220	106,261	0.38%
2011	22,644,500	1.05%	237,767	20.4%	48,453	189,314	51,135	99,588	0.44%
2012	27,202,400	1.05%	285,625	26.3%	75,051	210,574	122,049	197,100	0.72%
2013	18,424,500	1.05%	193,457	35.9%	69,436	124,021	0	69,436	0.38%
2014	16,235,800	1.05%	170,476	45.7%	77,859	92,617	0	77,859	0.48%
2015	23,157,400	1.05%	243,153	59.0%	143,454	99,699	24,995	168,449	0.73%
2016	37,247,500	1.05%	391,099	71.2%	278,565	112,534	0	278,565	0.75%
2017	34,727,700	1.05%	364,641	82.3%	300,074	64,567	0	300,074	0.86%
2018	22,826,400	1.05%	239,677	94.6%	226,817	12,860	0	226,817	0.99%
2019	29,126,600	1.05%	305,829	98.9%	302,375	3,455	0	302,375	1.04%
TOTALS	868,397,300		9,118,172		1,689,535	7,428,636	6,601,172	8,290,707	0.95%

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)

**Cal-Mortgage Loan Insurance Division
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, 2020**

	(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	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	9.28%	9.28%	9.28%	9.28%
1999	4,981,900	8.50%	8.50%	8.50%	8.50%
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%	3.29%	3.30%	3.30%
2004	3,222,300	6.48%	6.55%	6.55%	6.55%
2005	4,276,300	1.40%	1.42%	1.50%	1.46%
2006	6,010,800	2.73%	2.80%	2.89%	2.84%
2007	7,837,300	6.51%	6.79%	6.79%	6.79%
2008	2,498,700	7.52%	8.01%	7.93%	7.97%
2009	1,953,000	13.95%	15.59%	15.58%	15.59%
2010	2,729,100	14.16%	16.78%	16.58%	16.68%
2011	1,217,200	17.91%	22.49%	21.07%	21.78%
2012	3,680,200	14.27%	19.36%	18.34%	18.85%
2013	2,804,900	5.74%	8.95%	11.30%	11.30%
2014	2,718,000	13.15%	24.20%	20.23%	20.23%
2015	3,797,800	4.44%	10.84%	13.59%	13.59%
2016	5,690,600	5.61%	19.48%	16.65%	16.65%
2017	6,196,000	4.91%	27.74%	17.67%	17.67%
2018	4,678,200	8.46%	157.67%	23.13%	23.13%
2019	5,276,700		0.00%	15.32%	15.50%

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 1981-2017	11.00%
Weighted Average 1981-1987	32.59%
Weighted Average 1988-2008	6.69%
Weighted Average 2009-2017	16.71%
Arithmetic Average 1981-2017	14.47%
Arithmetic Average 1981-1987	33.72%
Arithmetic Average 1988-2008	7.01%
Arithmetic Average 2009-2017	16.93%

Prior Selection 12.10%

(6) **Selected Long-Term Default Rate** 11.00%

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Loss Development Method
Based on Data as of June 30, 2020**

	(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	468	392,300	145,510	1.000	145,510	37.09%
1982	456	838,700	336,905	1.000	336,905	40.17%
1983	444	795,000	431,865	1.000	431,865	54.32%
1984	432	739,700	298,747	1.000	298,747	40.39%
1985	420	1,160,300	304,695	1.000	304,695	26.26%
1986	408	772,800	188,525	1.000	188,525	24.40%
1987	396	914,300	122,905	1.000	122,905	13.44%
1988	384	1,451,700	124,475	1.000	124,475	8.57%
1989	372	1,561,600	74,310	1.000	74,310	4.76%
1990	360	1,678,600	163,945	1.000	163,945	9.77%
1991	348	1,538,500	34,275	1.000	34,275	2.23%
1992	336	2,429,300	126,700	1.000	126,700	5.22%
1993	324	2,515,600	227,486	1.000	227,486	9.04%
1994	312	2,427,400	277,035	1.000	277,035	11.41%
1995	300	1,986,300	290,080	1.000	290,080	14.60%
1996	288	3,040,500	314,154	1.000	314,154	10.33%
1997	276	3,523,600	318,040	1.000	318,040	9.03%
1998	264	5,077,800	471,121	1.000	471,121	9.28%
1999	252	4,981,900	423,565	1.000	423,565	8.50%
2000	240	2,876,400	165,080	1.000	165,080	5.74%
2001	228	2,919,300	176,945	1.000	176,945	6.06%
2002	216	3,787,200	140,698	1.000	140,698	3.72%
2003	204	3,228,400	105,570	1.005	106,098	3.29%
2004	192	3,222,300	208,825	1.010	210,918	6.55%
2005	180	4,276,300	59,790	1.015	60,691	1.42%
2006	168	6,010,800	163,870	1.025	168,004	2.80%
2007	156	7,837,300	510,092	1.044	532,373	6.79%
2008	144	2,498,700	188,007	1.065	200,144	8.01%
2009	132	1,953,000	272,405	1.118	304,489	15.59%
2010	120	2,729,100	386,465	1.185	457,902	16.78%
2011	108	1,217,200	217,980	1.256	273,770	22.49%
2012	96	3,680,200	525,215	1.356	712,409	19.36%
2013	84	2,804,900	160,975	1.560	251,101	8.95%
2014	72	2,718,000	357,416	1.841	657,879	24.20%
2015	60	3,797,800	168,740	2.439	411,534	10.84%
2016	48	5,690,600	318,997	3.475	1,108,637	19.48%
2017	36	6,196,000	304,385	5.648	1,719,014	27.74%
2018	24	4,678,200	395,795	18.637	7,376,333	157.67%
2019	12	5,276,700	0	88.525	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 - 2019

Weighted Average 1981-2017	11.71%
Weighted Average 1981-1987	32.59%
Weighted Average 1988-2008	6.69%
Weighted Average 2009-2017	19.15%
Arithmetic Average 1981-2017	14.83%
Arithmetic Average 1981-1987	33.72%
Arithmetic Average 1988-2008	7.01%
Arithmetic Average 2009-2017	18.38%

Prior Selected 11.75%

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

(7) Selected Initial Default Rate for 1988-2008 **6.75%**

(8) Selected Initial Default Rate for 2009-2019 **15.50%**

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Bornhuetter-Ferguson Method
Based on Data as of June 30, 2020**

	(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	6.75%	97,990	0.0%	0	97,990	124,475	124,475	8.57%
1989	1,561,600	6.75%	105,408	0.0%	0	105,408	74,310	74,310	4.76%
1990	1,678,600	6.75%	113,306	0.0%	0	113,306	163,945	163,945	9.77%
1991	1,538,500	6.75%	103,849	0.0%	0	103,849	34,275	34,275	2.23%
1992	2,429,300	6.75%	163,978	0.0%	0	163,978	126,700	126,700	5.22%
1993	2,515,600	6.75%	169,803	0.0%	0	169,803	227,486	227,486	9.04%
1994	2,427,400	6.75%	163,850	0.0%	0	163,850	277,035	277,035	11.41%
1995	1,986,300	6.75%	134,075	0.0%	0	134,075	290,080	290,080	14.60%
1996	3,040,500	6.75%	205,234	0.0%	0	205,234	314,154	314,154	10.33%
1997	3,523,600	6.75%	237,843	0.0%	0	237,843	318,040	318,040	9.03%
1998	5,077,800	6.75%	342,752	0.0%	0	342,752	471,121	471,121	9.28%
1999	4,981,900	6.75%	336,278	0.0%	0	336,278	423,565	423,565	8.50%
2000	2,876,400	6.75%	194,157	0.0%	0	194,157	165,080	165,080	5.74%
2001	2,919,300	6.75%	197,053	0.0%	0	197,053	176,945	176,945	6.06%
2002	3,787,200	6.75%	255,636	0.0%	0	255,636	140,698	140,698	3.72%
2003	3,228,400	6.75%	217,917	0.5%	1,084	216,833	105,570	106,654	3.30%
2004	3,222,300	6.75%	217,505	1.0%	2,159	215,346	208,825	210,984	6.55%
2005	4,276,300	6.75%	288,650	1.5%	4,287	284,363	59,790	64,077	1.50%
2006	6,010,800	6.75%	405,729	2.5%	9,983	395,746	163,870	173,853	2.89%
2007	7,837,300	6.75%	529,018	4.2%	22,140	506,877	510,092	532,232	6.79%
2008	2,498,700	6.75%	168,662	6.1%	10,228	158,435	188,007	198,235	7.93%
2009	1,953,000	15.50%	302,715	10.5%	31,897	270,818	272,405	304,302	15.58%
2010	2,729,100	15.50%	423,011	15.6%	65,994	357,017	386,465	452,459	16.58%
2011	1,217,200	15.50%	188,666	20.4%	38,447	150,219	217,980	256,427	21.07%
2012	3,680,200	15.50%	570,431	26.3%	149,888	420,543	525,215	675,103	18.34%
2013	2,804,900	15.50%	434,760	35.9%	156,045	278,714	160,975	317,020	11.30%
2014	2,718,000	15.50%	421,290	45.7%	192,409	228,881	357,416	549,825	20.23%
2015	3,797,800	15.50%	588,659	59.0%	347,293	241,366	168,740	516,033	13.59%
2016	5,690,600	15.50%	882,043	71.2%	628,246	253,797	318,997	947,243	16.65%
2017	6,196,000	15.50%	960,380	82.3%	790,326	170,054	304,385	1,094,711	17.67%
2018	4,678,200	15.50%	725,121	94.6%	686,213	38,908	395,795	1,082,008	23.13%
2019	5,276,700	15.50%	817,889	98.9%	808,649	9,239	0	808,649	15.32%
TOTALS	115,224,300		12,787,912		3,945,288	8,842,624	9,501,588	13,446,876	11.67%

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)

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospital and Nursing Homes Combined
Analysis of Default Pattern based on Original Loan Balance (\$000s)
Based on Data as of June 30, 2020

Table with columns for Issue Year (12, 24, 36, 48, 60, 72, 84, 96, 108, 120, 132, 144, 156, 168, 180, 192, 204, 216, 228, 240, 252, 264, 276, 288, 300, 312, 324, 336, 348, 360, 372, 384, 396, 408, 420, 432) and rows for 1985 through 2019. The table is divided into three sections: 1985-2019, 2019-2019, and 12-24 through 432-432. The bottom section contains 'Arithmetic Averages', 'Weighted Averages', and 'Selected' data points for various years and age groups.

**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Loss Severity
 Based on Data as of June 30, 2020**

	(1)	(2)	(3)	(4)
Facility Type	Income Securities Investors Data	Actual Cal-Mortgage Experience (Including Triad)	Prior Selected	Selected
Hospitals	71.0%	N/A	N/A	N/A
Nursing Home	64.3%	N/A	N/A	N/A
TOTALS	67.4%	63.4%	64.5%	64.5%

Notes:

- (1) From Income Securities Investors, LLC*
- (2) From Section III, Exhibit 3, Page 2*
- (3) From Cal-Mortgage Analysis at 6/30/2018*
- (4) Selected*

**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction loan Insurance program**

**Cal-Mortgage's Loss Severity (Actual Experience)
 Based on Data as of June 30, 2020**

(1) Total Defaulted as of 6/30/2020	21,246,019
(2) Net Paid at 6/30/2020	231,718,334
(3) Sherman Oaks Estimated Discounted Case Reserve	(19,657,489)
(4) Sherman Oaks Net Paid at 6/30/2020	(228,260,329)
(5) Sherman Oaks Original Loan Balance	182,230,000
(6) Loss on Current Defaults	187,276,535
(7) Net Paid on Resolved Loans	31,904,148
(8) Expected Recoveries on Resolved Loans	15,410,435
(9) Total Outlay	203,770,248
(10) Defaulted Original Loan Amount	200,000,000
(11) Resolved Original Loan Amount	121,635,000
(12) Total Loan Amount	321,635,000
(13) Indicated Loss Severity	63.4%

Notes:

- (1) From Section I, Exhibit 2
- (2) Provided by Cal-Mortgage
- (3) From Section I, Exhibit 2
- (4) Provided by Cal-Mortgage
- (5) Provided by Cal-Mortgage
- (6) = (1) + (2) + (3) + (4) + (5);
Including Triad (Sherman Oaks)
- (7) Provided by Cal-Mortgage
- (8) From Section I, Exhibits 4 and 5
- (9) = (6) + (7) - (8)
- (10) Provided by Cal-Mortgage
- (11) Provided by Cal-Mortgage
- (12) = (10) + (11)
- (13) = (9) / (12)

**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Cumulative Loss Payment Pattern
 Based on Data as of June 30, 2020**

	(1)	(2)	(3)
Years From Default	Income Securities Investors Data	Previous Selection	Selected
0	20.5%	18.5%	19.5%
1	41.7%	40.0%	41.0%
2	69.6%	67.5%	68.5%
3	80.9%	80.5%	80.5%
4	91.4%	91.5%	91.5%
5	95.5%	95.5%	95.5%
6	97.3%	97.5%	97.5%
7	98.8%	98.5%	98.5%
8	99.3%	99.3%	99.3%
9	99.5%	99.5%	99.5%
10	99.7%	99.7%	99.7%
11	99.9%	99.9%	99.9%
12	100.0%	100.0%	100.0%
13	100.0%	100.0%	100.0%

Notes:

- (1) *From Income Securities Investors, LLC; based on selections in Section III, Exhibit 4, Page 2*
- (2) *From Cal-Mortgage Analysis at 6/30/2018*
- (3) *Selected*

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Historical Termination Rate
Based on Data as of June 30, 2020

Fiscal Year End	(1) Outstanding Balance	(2) (3)		(4) (5)		
		Including Refinanced Loans	Excluding Refinanced Loans	Terminated Loans	Termination Rate	Terminated Loans
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	105,400,000	5.9%	25,805,000	1.4%	
TOTALS	29,355,697,591	2,747,183,397	9.4%	1,511,190,852	5.4%	

Estimated Termination Rate

Fiscal Year	(6) Termination Rate	(7) Termination Rate
7/1/2020-6/30/2021 and subsequent	7.0%	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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

Estimated Premium Rate

	(1)	(2)
Risk Category	Weight	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	1.664
(5) Effective Premium Rate as a Percent of the Principal	4.42%

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)*

Cal-Mortgage Loan Insurance Division
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, 2020

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	3.97%	11,309,406	372	100%	7/1/2020-6/30/2021	20,715,456
7/1/1990-6/30/1991	502,627,148	3.97%	19,940,416	360	100%	7/1/2021-6/30/2022	20,464,101
7/1/1991-6/30/1992	340,350,000	3.97%	13,502,495	348	100%	7/1/2022-6/30/2023	20,127,104
7/1/1992-6/30/1993	425,234,203	3.97%	16,870,054	336	100%	7/1/2023-6/30/2024	20,024,061
7/1/1993-6/30/1994	269,577,356	3.97%	10,694,776	324	100%	7/1/2024-6/30/2025	19,000,049
7/1/1994-6/30/1995	86,855,000	3.97%	3,445,745	312	100%	7/1/2025-6/30/2026	18,659,954
7/1/1995-6/30/1996	122,845,000	3.97%	4,873,554	300	100%	7/1/2026-6/30/2027	18,257,056
7/1/1996-6/30/1997	96,845,000	3.97%	3,842,072	288	100%	7/1/2027-6/30/2028	17,831,837
7/1/1997-6/30/1998	288,615,000	3.97%	11,450,045	276	100%	7/1/2028-6/30/2029	17,169,743
7/1/1998-6/30/1999	30,100,000	3.97%	1,194,139	264	100%	7/1/2029-6/30/2030	16,888,060
7/1/1999-6/30/2000	135,160,000	3.97%	5,362,119	252	100%	7/1/2030-6/30/2031	16,764,427
7/1/2000-6/30/2001	153,995,000	3.97%	6,109,348	240	100%	7/1/2031-6/30/2032	16,737,766
7/1/2001-6/30/2002	183,335,000	3.97%	7,273,336	228	100%	7/1/2032-6/30/2033	16,789,002
7/1/2002-6/30/2003	157,890,000	3.97%	6,263,872	216	100%	7/1/2033-6/30/2034	16,978,264
7/1/2003-6/30/2004	198,201,000	3.97%	7,863,106	204	100%	7/1/2034-6/30/2035	17,195,371
7/1/2004-6/30/2005	47,200,000	3.97%	1,872,536	192	99%	7/1/2035-6/30/2036	17,451,004
7/1/2005-6/30/2006	68,565,000	3.97%	2,720,137	180	99%	7/1/2036-6/30/2037	17,781,516
7/1/2006-6/30/2007	26,224,359	3.97%	1,040,383	168	98%	7/1/2037-6/30/2038	18,253,198
7/1/2007-6/30/2008	332,810,000	3.97%	13,203,365	156	96%	7/1/2038-6/30/2039	18,640,583
7/1/2008-6/30/2009	354,360,000	3.97%	14,058,305	144	94%	7/1/2039-6/30/2040	19,046,086
7/1/2009-6/30/2010	135,035,000	8.82%	11,903,379	132	89%	7/1/2040-6/30/2041	19,375,056
7/1/2010-6/30/2011	190,190,000	8.82%	16,765,310	120	84%	7/1/2041-6/30/2042	19,625,227
7/1/2011-6/30/2012	55,860,000	8.82%	4,924,077	108	80%	7/1/2042-6/30/2043	19,871,801
7/1/2012-6/30/2013	361,555,000	8.82%	31,871,191	96	74%	7/1/2043-6/30/2044	20,042,903
7/1/2013-6/30/2014	258,081,893	8.82%	22,750,003	84	64%	7/1/2044-6/30/2045	20,155,532
7/1/2014-6/30/2015	241,145,000	8.82%	21,257,010	72	54%	7/1/2045-6/30/2046	20,270,288
7/1/2015-6/30/2016	263,524,235	8.82%	23,229,747	60	41%	7/1/2046-6/30/2047	20,356,103
7/1/2016-6/30/2017	374,545,000	8.82%	33,016,264	48	29%	7/1/2047-6/30/2048	20,393,451
7/1/2017-6/30/2018	238,740,000	8.82%	21,045,009	36	18%	7/1/2048-6/30/2049	20,428,411
7/1/2018-6/30/2019	192,050,000	8.82%	16,929,270	24	5%	7/1/2049-6/30/2050	20,451,609
7/1/2019-6/30/2020	167,700,000	8.82%	14,782,810	12	1%		
7/1/2020-6/30/2021	225,000,000	8.31%	18,702,059	0	0%		
7/1/2021-6/30/2022	225,000,000	7.81%	17,570,294		0%		
7/1/2022-6/30/2023	225,000,000	7.31%	16,438,529		0%		
7/1/2023-6/30/2024	250,000,000	6.80%	17,007,516		0%		
7/1/2024-6/30/2025	250,000,000	6.30%	15,750,000		0%		
7/1/2025-6/30/2026	250,000,000	6.30%	15,750,000		0%		
7/1/2026-6/30/2027	250,000,000	6.30%	15,750,000		0%		
7/1/2027-6/30/2028	250,000,000	6.30%	15,750,000		0%		
7/1/2028-6/30/2029	275,000,000	6.30%	17,325,000		0%		
7/1/2029-6/30/2030	275,000,000	6.30%	17,325,000		0%		
7/1/2030-6/30/2031	275,000,000	6.30%	17,325,000		0%		
7/1/2031-6/30/2032	275,000,000	6.30%	17,325,000		0%		
7/1/2032-6/30/2033	300,000,000	6.30%	18,900,000		0%		
7/1/2033-6/30/2034	300,000,000	6.30%	18,900,000		0%		
7/1/2034-6/30/2035	300,000,000	6.30%	18,900,000		0%		
7/1/2035-6/30/2036	325,000,000	6.30%	20,475,000		0%		
7/1/2036-6/30/2037	325,000,000	6.30%	20,475,000		0%		
7/1/2037-6/30/2038	325,000,000	6.30%	20,475,000		0%		
7/1/2038-6/30/2039	325,000,000	6.30%	20,475,000		0%		
7/1/2039-6/30/2040	325,000,000	6.30%	20,475,000		0%		
7/1/2040-6/30/2041	325,000,000	6.30%	20,475,000		0%		
7/1/2041-6/30/2042	325,000,000	6.30%	20,475,000		0%		
7/1/2042-6/30/2043	325,000,000	6.30%	20,475,000		0%		
7/1/2043-6/30/2044	325,000,000	6.30%	20,475,000		0%		
7/1/2044-6/30/2045	325,000,000	6.30%	20,475,000		0%		
7/1/2045-6/30/2046	325,000,000	6.30%	20,475,000		0%		
7/1/2046-6/30/2047	325,000,000	6.30%	20,475,000		0%		
7/1/2047-6/30/2048	325,000,000	6.30%	20,475,000		0%		
7/1/2048-6/30/2049	325,000,000	6.30%	20,475,000		0%		
7/1/2049-6/30/2050	325,000,000	6.30%	20,475,000		0%		

**Cal-Mortgage Loan Insurance Division
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, 2020**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2020-6/30/2021	20,715,456	64.5%	13,361,469	2,605,486
7/1/2021-6/30/2022	20,464,101	64.5%	13,199,345	5,446,588
7/1/2022-6/30/2023	20,127,104	64.5%	12,981,982	9,043,750
7/1/2023-6/30/2024	20,024,061	64.5%	12,915,519	10,542,848
7/1/2024-6/30/2025	19,000,049	64.5%	12,255,032	11,790,296
7/1/2025-6/30/2026	18,659,954	64.5%	12,035,671	12,077,780
7/1/2026-6/30/2027	18,257,056	64.5%	11,775,801	12,027,168
7/1/2027-6/30/2028	17,831,837	64.5%	11,501,535	11,892,598
7/1/2028-6/30/2029	17,169,743	64.5%	11,074,484	11,678,179
7/1/2029-6/30/2030	16,888,060	64.5%	10,892,799	11,415,701
7/1/2030-6/30/2031	16,764,427	64.5%	10,813,055	11,184,163
7/1/2031-6/30/2032	16,737,766	64.5%	10,795,859	11,036,331
7/1/2032-6/30/2033	16,789,002	64.5%	10,828,906	10,937,195
7/1/2033-6/30/2034	16,978,264	64.5%	10,950,980	10,904,849
7/1/2034-6/30/2035	17,195,371	64.5%	11,091,015	10,933,915
7/1/2035-6/30/2036	17,451,004	64.5%	11,255,898	11,016,185
7/1/2036-6/30/2037	17,781,516	64.5%	11,469,078	11,140,315
7/1/2037-6/30/2038	18,253,198	64.5%	11,773,313	11,317,635
7/1/2038-6/30/2039	18,640,583	64.5%	12,023,176	11,528,291
7/1/2039-6/30/2040	19,046,086	64.5%	12,284,725	11,766,982
7/1/2040-6/30/2041	19,375,056	64.5%	12,496,911	12,003,158
7/1/2041-6/30/2042	19,625,227	64.5%	12,658,271	12,229,511
7/1/2042-6/30/2043	19,871,801	64.5%	12,817,311	12,431,837
7/1/2043-6/30/2044	20,042,903	64.5%	12,927,672	12,606,261
7/1/2044-6/30/2045	20,155,532	64.5%	13,000,318	12,751,688
7/1/2045-6/30/2046	20,270,288	64.5%	13,074,336	12,868,733
7/1/2046-6/30/2047	20,356,103	64.5%	13,129,686	12,962,973
7/1/2047-6/30/2048	20,393,451	64.5%	13,153,776	13,036,285
7/1/2048-6/30/2049	20,428,411	64.5%	13,176,325	13,090,707
7/1/2049-6/30/2050	20,451,609	64.5%	13,191,288	13,129,627

**Cal-Mortgage Loan Insurance Division
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, 2020**

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	3.97%	11,309,406	372	100%	7/1/2020-6/30/2021	20,504,192
7/1/1990-6/30/1991	502,627,148	3.97%	19,940,416	360	100%	7/1/2021-6/30/2022	19,473,381
7/1/1991-6/30/1992	340,350,000	3.97%	13,502,495	348	100%	7/1/2022-6/30/2023	16,889,052
7/1/1992-6/30/1993	425,234,203	3.97%	16,870,054	336	100%	7/1/2023-6/30/2024	14,897,470
7/1/1993-6/30/1994	269,577,356	3.97%	10,694,776	324	100%	7/1/2024-6/30/2025	11,841,436
7/1/1994-6/30/1995	86,855,000	3.97%	3,445,745	312	100%	7/1/2025-6/30/2026	9,255,833
7/1/1995-6/30/1996	122,845,000	3.97%	4,873,554	300	100%	7/1/2026-6/30/2027	7,405,479
7/1/1996-6/30/1997	96,845,000	3.97%	3,842,072	288	100%	7/1/2027-6/30/2028	5,512,923
7/1/1997-6/30/1998	288,615,000	3.97%	11,450,045	276	100%	7/1/2028-6/30/2029	4,027,474
7/1/1998-6/30/1999	30,100,000	3.97%	1,194,139	264	100%	7/1/2029-6/30/2030	3,073,134
7/1/1999-6/30/2000	135,160,000	3.97%	5,362,119	252	100%	7/1/2030-6/30/2031	1,997,144
7/1/2000-6/30/2001	153,995,000	3.97%	6,109,348	240	100%	7/1/2031-6/30/2032	1,158,355
7/1/2001-6/30/2002	183,335,000	3.97%	7,273,336	228	100%	7/1/2032-6/30/2033	802,757
7/1/2002-6/30/2003	157,890,000	3.97%	6,263,872	216	100%	7/1/2033-6/30/2034	496,021
7/1/2003-6/30/2004	198,201,000	3.97%	7,863,106	204	100%	7/1/2034-6/30/2035	261,324
7/1/2004-6/30/2005	47,200,000	3.97%	1,872,536	192	99%	7/1/2035-6/30/2036	157,406
7/1/2005-6/30/2006	68,565,000	3.97%	2,720,137	180	99%	7/1/2036-6/30/2037	73,546
7/1/2006-6/30/2007	26,224,359	3.97%	1,040,383	168	98%	7/1/2037-6/30/2038	0
7/1/2007-6/30/2008	332,810,000	3.97%	13,203,365	156	96%	7/1/2038-6/30/2039	0
7/1/2008-6/30/2009	354,360,000	3.97%	14,058,305	144	94%	7/1/2039-6/30/2040	0
7/1/2009-6/30/2010	135,035,000	8.82%	11,903,379	132	89%	7/1/2040-6/30/2041	0
7/1/2010-6/30/2011	190,190,000	8.82%	16,765,310	120	84%	7/1/2041-6/30/2042	0
7/1/2011-6/30/2012	55,860,000	8.82%	4,924,077	108	80%	7/1/2042-6/30/2043	0
7/1/2012-6/30/2013	361,555,000	8.82%	31,871,191	96	74%	7/1/2043-6/30/2044	0
7/1/2013-6/30/2014	258,081,893	8.82%	22,750,003	84	64%	7/1/2044-6/30/2045	0
7/1/2014-6/30/2015	241,145,000	8.82%	21,257,010	72	54%	7/1/2045-6/30/2046	0
7/1/2015-6/30/2016	263,524,235	8.82%	23,229,747	60	41%	7/1/2046-6/30/2047	0
7/1/2016-6/30/2017	374,545,000	8.82%	33,016,264	48	29%	7/1/2047-6/30/2048	0
7/1/2017-6/30/2018	238,740,000	8.82%	21,045,009	36	18%	7/1/2048-6/30/2049	0
7/1/2018-6/30/2019	192,050,000	8.82%	16,929,270	24	5%	7/1/2049-6/30/2050	0
7/1/2019-6/30/2020	167,700,000	8.82%	14,782,810	12	1%		

**Cal-Mortgage Loan Insurance Division
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, 2020**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2020-6/30/2021	20,504,192	64.5%	13,225,204	2,578,915
7/1/2021-6/30/2022	19,473,381	64.5%	12,560,331	5,292,683
7/1/2022-6/30/2023	16,889,052	64.5%	10,893,439	8,461,623
7/1/2023-6/30/2024	14,897,470	64.5%	9,608,868	9,256,934
7/1/2024-6/30/2025	11,841,436	64.5%	7,637,726	9,512,971
7/1/2025-6/30/2026	9,255,833	64.5%	5,970,012	8,666,560
7/1/2026-6/30/2027	7,405,479	64.5%	4,776,534	7,433,611
7/1/2027-6/30/2028	5,512,923	64.5%	3,555,835	6,154,795
7/1/2028-6/30/2029	4,027,474	64.5%	2,597,721	4,974,787
7/1/2029-6/30/2030	3,073,134	64.5%	1,982,171	3,886,327
7/1/2030-6/30/2031	1,997,144	64.5%	1,288,158	2,970,212
7/1/2031-6/30/2032	1,158,355	64.5%	747,139	2,207,679
7/1/2032-6/30/2033	802,757	64.5%	517,779	1,577,371
7/1/2033-6/30/2034	496,021	64.5%	319,933	1,091,182
7/1/2034-6/30/2035	261,324	64.5%	168,554	737,735
7/1/2035-6/30/2036	157,406	64.5%	101,527	480,308
7/1/2036-6/30/2037	73,546	64.5%	47,437	305,273
7/1/2037-6/30/2038	0	64.5%	0	185,761
7/1/2038-6/30/2039	0	64.5%	0	105,747
7/1/2039-6/30/2040	0	64.5%	0	56,448
7/1/2040-6/30/2041	0	64.5%	0	30,624
7/1/2041-6/30/2042	0	64.5%	0	15,261
7/1/2042-6/30/2043	0	64.5%	0	7,770
7/1/2043-6/30/2044	0	64.5%	0	4,046
7/1/2044-6/30/2045	0	64.5%	0	2,077
7/1/2045-6/30/2046	0	64.5%	0	955
7/1/2046-6/30/2047	0	64.5%	0	466
7/1/2047-6/30/2048	0	64.5%	0	196
7/1/2048-6/30/2049	0	64.5%	0	47
7/1/2049-6/30/2050	0	64.5%	0	0

**Cal-Mortgage Loan Insurance Division
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, 2020**

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	5.47%	15,585,456	372	100%	7/1/2020-6/30/2021	24,359,879
7/1/1990-6/30/1991	502,627,148	5.47%	27,479,824	360	100%	7/1/2021-6/30/2022	24,041,857
7/1/1991-6/30/1992	340,350,000	5.47%	18,607,745	348	100%	7/1/2022-6/30/2023	23,644,541
7/1/1992-6/30/1993	425,234,203	5.47%	23,248,567	336	100%	7/1/2023-6/30/2024	23,563,489
7/1/1993-6/30/1994	269,577,356	5.47%	14,738,436	324	100%	7/1/2024-6/30/2025	22,447,125
7/1/1994-6/30/1995	86,855,000	5.47%	4,748,570	312	100%	7/1/2025-6/30/2026	22,149,494
7/1/1995-6/30/1996	122,845,000	5.47%	6,716,229	300	100%	7/1/2026-6/30/2027	21,788,736
7/1/1996-6/30/1997	96,845,000	5.47%	5,294,747	288	100%	7/1/2027-6/30/2028	21,411,876
7/1/1997-6/30/1998	288,615,000	5.47%	15,779,270	276	100%	7/1/2028-6/30/2029	20,750,274
7/1/1998-6/30/1999	30,100,000	5.47%	1,645,639	264	100%	7/1/2029-6/30/2030	20,519,988
7/1/1999-6/30/2000	135,160,000	5.47%	7,389,519	252	100%	7/1/2030-6/30/2031	20,466,509
7/1/2000-6/30/2001	153,995,000	5.47%	8,419,273	240	100%	7/1/2031-6/30/2032	20,511,702
7/1/2001-6/30/2002	183,335,000	5.47%	10,023,361	228	100%	7/1/2032-6/30/2033	20,633,844
7/1/2002-6/30/2003	157,890,000	5.47%	8,632,222	216	100%	7/1/2033-6/30/2034	20,913,966
7/1/2003-6/30/2004	198,201,000	5.47%	10,836,121	204	100%	7/1/2034-6/30/2035	21,223,781
7/1/2004-6/30/2005	47,200,000	5.47%	2,580,536	192	99%	7/1/2035-6/30/2036	21,567,198
7/1/2005-6/30/2006	68,565,000	5.47%	3,748,612	180	99%	7/1/2036-6/30/2037	21,990,476
7/1/2006-6/30/2007	26,224,359	5.47%	1,433,748	168	98%	7/1/2037-6/30/2038	22,584,258
7/1/2007-6/30/2008	332,810,000	5.47%	18,195,515	156	96%	7/1/2038-6/30/2039	23,070,652
7/1/2008-6/30/2009	354,360,000	5.47%	19,373,705	144	94%	7/1/2039-6/30/2040	23,576,705
7/1/2009-6/30/2010	135,035,000	10.32%	13,928,904	132	89%	7/1/2040-6/30/2041	23,986,674
7/1/2010-6/30/2011	190,190,000	10.32%	19,618,160	120	84%	7/1/2041-6/30/2042	24,297,900
7/1/2011-6/30/2012	55,860,000	10.32%	5,761,977	108	80%	7/1/2042-6/30/2043	24,603,182
7/1/2012-6/30/2013	361,555,000	10.32%	37,294,516	96	74%	7/1/2043-6/30/2044	24,815,022
7/1/2013-6/30/2014	258,081,893	10.32%	26,621,231	84	64%	7/1/2044-6/30/2045	24,964,468
7/1/2014-6/30/2015	241,145,000	10.32%	24,874,185	72	54%	7/1/2045-6/30/2046	24,810,186
7/1/2015-6/30/2016	263,524,235	10.32%	27,182,611	60	41%	7/1/2046-6/30/2047	23,842,578
7/1/2016-6/30/2017	374,545,000	10.32%	38,634,439	48	29%	7/1/2047-6/30/2048	20,760,322
7/1/2017-6/30/2018	238,740,000	10.32%	24,626,109	36	18%	7/1/2048-6/30/2049	17,998,162
7/1/2018-6/30/2019	192,050,000	10.32%	19,810,020	24	5%	7/1/2049-6/30/2050	14,926,867
7/1/2019-6/30/2020	167,700,000	10.32%	17,298,310	12	1%		
7/1/2020-6/30/2021	225,000,000	9.81%	22,077,059	0	0%		
7/1/2021-6/30/2022	225,000,000	9.31%	20,945,294		0%		
7/1/2022-6/30/2023	225,000,000	8.81%	19,813,529		0%		
7/1/2023-6/30/2024	250,000,000	8.30%	20,757,516		0%		
7/1/2024-6/30/2025	250,000,000	7.80%	19,500,000		0%		
7/1/2025-6/30/2026	250,000,000	7.80%	19,500,000		0%		
7/1/2026-6/30/2027	250,000,000	7.80%	19,500,000		0%		
7/1/2027-6/30/2028	250,000,000	7.80%	19,500,000		0%		
7/1/2028-6/30/2029	275,000,000	7.80%	21,450,000		0%		
7/1/2029-6/30/2030	275,000,000	7.80%	21,450,000		0%		
7/1/2030-6/30/2031	275,000,000	7.80%	21,450,000		0%		
7/1/2031-6/30/2032	275,000,000	7.80%	21,450,000		0%		
7/1/2032-6/30/2033	300,000,000	7.80%	23,400,000		0%		
7/1/2033-6/30/2034	300,000,000	7.80%	23,400,000		0%		
7/1/2034-6/30/2035	300,000,000	7.80%	23,400,000		0%		
7/1/2035-6/30/2036	325,000,000	7.80%	25,350,000		0%		
7/1/2036-6/30/2037	325,000,000	7.80%	25,350,000		0%		
7/1/2037-6/30/2038	325,000,000	7.80%	25,350,000		0%		
7/1/2038-6/30/2039	325,000,000	7.80%	25,350,000		0%		
7/1/2039-6/30/2040	325,000,000	7.80%	25,350,000		0%		
7/1/2040-6/30/2041	325,000,000	7.80%	25,350,000		0%		
7/1/2041-6/30/2042	325,000,000	7.80%	25,350,000		0%		
7/1/2042-6/30/2043	325,000,000	7.80%	25,350,000		0%		
7/1/2043-6/30/2044	325,000,000	7.80%	25,350,000		0%		
7/1/2044-6/30/2045	325,000,000	7.80%	25,350,000		0%		
7/1/2045-6/30/2046	325,000,000	7.80%	25,350,000		0%		
7/1/2046-6/30/2047	325,000,000	7.80%	25,350,000		0%		
7/1/2047-6/30/2048	325,000,000	7.80%	25,350,000		0%		
7/1/2048-6/30/2049	325,000,000	7.80%	25,350,000		0%		
7/1/2049-6/30/2050	325,000,000	7.80%	25,350,000		0%		

**Cal-Mortgage Loan Insurance Division
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, 2020**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2020-6/30/2021	24,359,879	64.5%	15,712,122	3,063,864
7/1/2021-6/30/2022	24,041,857	64.5%	15,506,997	6,401,971
7/1/2022-6/30/2023	23,644,541	64.5%	15,250,729	10,628,730
7/1/2023-6/30/2024	23,563,489	64.5%	15,198,451	12,392,483
7/1/2024-6/30/2025	22,447,125	64.5%	14,478,395	13,874,077
7/1/2025-6/30/2026	22,149,494	64.5%	14,286,424	14,242,624
7/1/2026-6/30/2027	21,788,736	64.5%	14,053,735	14,229,535
7/1/2027-6/30/2028	21,411,876	64.5%	13,810,660	14,129,926
7/1/2028-6/30/2029	20,750,274	64.5%	13,383,927	13,944,649
7/1/2029-6/30/2030	20,519,988	64.5%	13,235,392	13,705,424
7/1/2030-6/30/2031	20,466,509	64.5%	13,200,898	13,501,008
7/1/2031-6/30/2032	20,511,702	64.5%	13,230,048	13,390,218
7/1/2032-6/30/2033	20,633,844	64.5%	13,308,830	13,330,225
7/1/2033-6/30/2034	20,913,966	64.5%	13,489,508	13,341,878
7/1/2034-6/30/2035	21,223,781	64.5%	13,689,339	13,420,106
7/1/2035-6/30/2036	21,567,198	64.5%	13,910,843	13,555,706
7/1/2036-6/30/2037	21,990,476	64.5%	14,183,857	13,735,389
7/1/2037-6/30/2038	22,584,258	64.5%	14,566,847	13,973,742
7/1/2038-6/30/2039	23,070,652	64.5%	14,880,571	14,247,851
7/1/2039-6/30/2040	23,576,705	64.5%	15,206,975	14,552,565
7/1/2040-6/30/2041	23,986,674	64.5%	15,471,405	14,851,129
7/1/2041-6/30/2042	24,297,900	64.5%	15,672,145	15,135,456
7/1/2042-6/30/2043	24,603,182	64.5%	15,869,052	15,388,544
7/1/2043-6/30/2044	24,815,022	64.5%	16,005,689	15,606,022
7/1/2044-6/30/2045	24,954,468	64.5%	16,095,632	15,786,891
7/1/2045-6/30/2046	24,810,186	64.5%	16,002,570	15,896,243
7/1/2046-6/30/2047	23,842,578	64.5%	15,378,463	15,838,371
7/1/2047-6/30/2048	20,760,322	64.5%	13,390,408	15,336,056
7/1/2048-6/30/2049	17,998,162	64.5%	11,608,814	14,404,156
7/1/2049-6/30/2050	14,926,867	64.5%	9,627,829	13,015,074

**Cal-Mortgage Loan Insurance Division
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, 2020**

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	6.97%	19,861,506	372	100%	7/1/2020-6/30/2021	28,004,302
7/1/1990-6/30/1991	502,627,148	6.97%	35,019,231	360	100%	7/1/2021-6/30/2022	27,619,613
7/1/1991-6/30/1992	340,350,000	6.97%	23,712,995	348	100%	7/1/2022-6/30/2023	27,161,977
7/1/1992-6/30/1993	425,234,203	6.97%	29,627,080	336	100%	7/1/2023-6/30/2024	27,102,918
7/1/1993-6/30/1994	269,577,356	6.97%	18,782,097	324	100%	7/1/2024-6/30/2025	25,894,200
7/1/1994-6/30/1995	86,855,000	6.97%	6,051,395	312	100%	7/1/2025-6/30/2026	25,639,035
7/1/1995-6/30/1996	122,845,000	6.97%	8,558,904	300	100%	7/1/2026-6/30/2027	25,320,416
7/1/1996-6/30/1997	96,845,000	6.97%	6,747,422	288	100%	7/1/2027-6/30/2028	24,991,914
7/1/1997-6/30/1998	288,615,000	6.97%	20,108,495	276	100%	7/1/2028-6/30/2029	24,330,805
7/1/1998-6/30/1999	30,100,000	6.97%	2,097,139	264	100%	7/1/2029-6/30/2030	24,151,916
7/1/1999-6/30/2000	135,160,000	6.97%	9,416,919	252	100%	7/1/2030-6/30/2031	24,168,590
7/1/2000-6/30/2001	153,995,000	6.97%	10,729,198	240	100%	7/1/2031-6/30/2032	24,285,639
7/1/2001-6/30/2002	183,335,000	6.97%	12,773,386	228	100%	7/1/2032-6/30/2033	24,478,687
7/1/2002-6/30/2003	157,890,000	6.97%	11,000,572	216	100%	7/1/2033-6/30/2034	24,849,667
7/1/2003-6/30/2004	198,201,000	6.97%	13,809,136	204	100%	7/1/2034-6/30/2035	25,252,191
7/1/2004-6/30/2005	47,200,000	6.97%	3,288,536	192	99%	7/1/2035-6/30/2036	25,683,392
7/1/2005-6/30/2006	68,565,000	6.97%	4,777,087	180	99%	7/1/2036-6/30/2037	26,199,436
7/1/2006-6/30/2007	26,224,359	6.97%	1,827,114	168	98%	7/1/2037-6/30/2038	26,915,318
7/1/2007-6/30/2008	332,810,000	6.97%	23,187,665	156	96%	7/1/2038-6/30/2039	27,500,722
7/1/2008-6/30/2009	354,360,000	6.97%	24,689,105	144	94%	7/1/2039-6/30/2040	28,107,324
7/1/2009-6/30/2010	135,035,000	11.82%	15,954,429	132	89%	7/1/2040-6/30/2041	28,598,293
7/1/2010-6/30/2011	190,190,000	11.82%	22,471,010	120	84%	7/1/2041-6/30/2042	28,970,573
7/1/2011-6/30/2012	55,860,000	11.82%	6,599,877	108	80%	7/1/2042-6/30/2043	29,334,563
7/1/2012-6/30/2013	361,555,000	11.82%	42,717,841	96	74%	7/1/2043-6/30/2044	29,587,142
7/1/2013-6/30/2014	258,081,893	11.82%	30,492,460	84	64%	7/1/2044-6/30/2045	29,753,404
7/1/2014-6/30/2015	241,145,000	11.82%	28,491,360	72	54%	7/1/2045-6/30/2046	29,922,806
7/1/2015-6/30/2016	263,524,235	11.82%	31,135,474	60	41%	7/1/2046-6/30/2047	30,049,485
7/1/2016-6/30/2017	374,545,000	11.82%	44,252,614	48	29%	7/1/2047-6/30/2048	30,104,618
7/1/2017-6/30/2018	238,740,000	11.82%	28,207,209	36	18%	7/1/2048-6/30/2049	30,156,226
7/1/2018-6/30/2019	192,050,000	11.82%	22,690,770	24	5%	7/1/2049-6/30/2050	30,190,471
7/1/2019-6/30/2020	167,700,000	11.82%	19,813,810		1%		
7/1/2020-6/30/2021	225,000,000	11.31%	25,452,059		0%		
7/1/2021-6/30/2022	225,000,000	10.81%	24,320,294		0%		
7/1/2022-6/30/2023	225,000,000	10.31%	23,188,529		0%		
7/1/2023-6/30/2024	250,000,000	9.80%	24,507,516		0%		
7/1/2024-6/30/2025	250,000,000	9.30%	23,250,000		0%		
7/1/2025-6/30/2026	250,000,000	9.30%	23,250,000		0%		
7/1/2026-6/30/2027	250,000,000	9.30%	23,250,000		0%		
7/1/2027-6/30/2028	250,000,000	9.30%	23,250,000		0%		
7/1/2028-6/30/2029	275,000,000	9.30%	25,575,000		0%		
7/1/2029-6/30/2030	275,000,000	9.30%	25,575,000		0%		
7/1/2030-6/30/2031	275,000,000	9.30%	25,575,000		0%		
7/1/2031-6/30/2032	275,000,000	9.30%	25,575,000		0%		
7/1/2032-6/30/2033	300,000,000	9.30%	27,900,000		0%		
7/1/2033-6/30/2034	300,000,000	9.30%	27,900,000		0%		
7/1/2034-6/30/2035	300,000,000	9.30%	27,900,000		0%		
7/1/2035-6/30/2036	325,000,000	9.30%	30,225,000		0%		
7/1/2036-6/30/2037	325,000,000	9.30%	30,225,000		0%		
7/1/2037-6/30/2038	325,000,000	9.30%	30,225,000		0%		
7/1/2038-6/30/2039	325,000,000	9.30%	30,225,000		0%		
7/1/2039-6/30/2040	325,000,000	9.30%	30,225,000		0%		
7/1/2040-6/30/2041	325,000,000	9.30%	30,225,000		0%		
7/1/2041-6/30/2042	325,000,000	9.30%	30,225,000		0%		
7/1/2042-6/30/2043	325,000,000	9.30%	30,225,000		0%		
7/1/2043-6/30/2044	325,000,000	9.30%	30,225,000		0%		
7/1/2044-6/30/2045	325,000,000	9.30%	30,225,000		0%		
7/1/2045-6/30/2046	325,000,000	9.30%	30,225,000		0%		
7/1/2046-6/30/2047	325,000,000	9.30%	30,225,000		0%		
7/1/2047-6/30/2048	325,000,000	9.30%	30,225,000		0%		
7/1/2048-6/30/2049	325,000,000	9.30%	30,225,000		0%		
7/1/2049-6/30/2050	325,000,000	9.30%	30,225,000		0%		

**Cal-Mortgage Loan Insurance Division
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, 2020**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2020-6/30/2021	28,004,302	64.5%	18,062,775	3,522,241
7/1/2021-6/30/2022	27,619,613	64.5%	17,814,650	7,357,353
7/1/2022-6/30/2023	27,161,977	64.5%	17,519,475	12,213,711
7/1/2023-6/30/2024	27,102,918	64.5%	17,481,382	14,242,118
7/1/2024-6/30/2025	25,894,200	64.5%	16,701,759	15,957,859
7/1/2025-6/30/2026	25,639,035	64.5%	16,537,177	16,407,467
7/1/2026-6/30/2027	25,320,416	64.5%	16,331,668	16,431,902
7/1/2027-6/30/2028	24,991,914	64.5%	16,119,785	16,367,253
7/1/2028-6/30/2029	24,330,805	64.5%	15,693,369	16,211,118
7/1/2029-6/30/2030	24,151,916	64.5%	15,577,986	15,995,148
7/1/2030-6/30/2031	24,168,590	64.5%	15,588,741	15,817,852
7/1/2031-6/30/2032	24,285,639	64.5%	15,664,237	15,744,105
7/1/2032-6/30/2033	24,478,687	64.5%	15,788,753	15,723,255
7/1/2033-6/30/2034	24,849,667	64.5%	16,028,035	15,778,906
7/1/2034-6/30/2035	25,252,191	64.5%	16,287,663	15,906,297
7/1/2035-6/30/2036	25,683,392	64.5%	16,565,788	16,095,226
7/1/2036-6/30/2037	26,199,436	64.5%	16,898,636	16,330,463
7/1/2037-6/30/2038	26,915,318	64.5%	17,360,380	16,629,849
7/1/2038-6/30/2039	27,500,722	64.5%	17,737,966	16,967,410
7/1/2039-6/30/2040	28,107,324	64.5%	18,129,224	17,338,147
7/1/2040-6/30/2041	28,598,293	64.5%	18,445,899	17,699,100
7/1/2041-6/30/2042	28,970,573	64.5%	18,686,019	18,041,400
7/1/2042-6/30/2043	29,334,563	64.5%	18,920,793	18,345,252
7/1/2043-6/30/2044	29,587,142	64.5%	19,083,707	18,605,783
7/1/2044-6/30/2045	29,753,404	64.5%	19,190,946	18,822,093
7/1/2045-6/30/2046	29,922,806	64.5%	19,300,210	18,995,786
7/1/2046-6/30/2047	30,049,485	64.5%	19,381,918	19,135,353
7/1/2047-6/30/2048	30,104,618	64.5%	19,417,478	19,243,804
7/1/2048-6/30/2049	30,156,226	64.5%	19,450,766	19,324,259
7/1/2049-6/30/2050	30,190,471	64.5%	19,472,854	19,381,775

**Cal-Mortgage Loan Insurance Division
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, 2020**

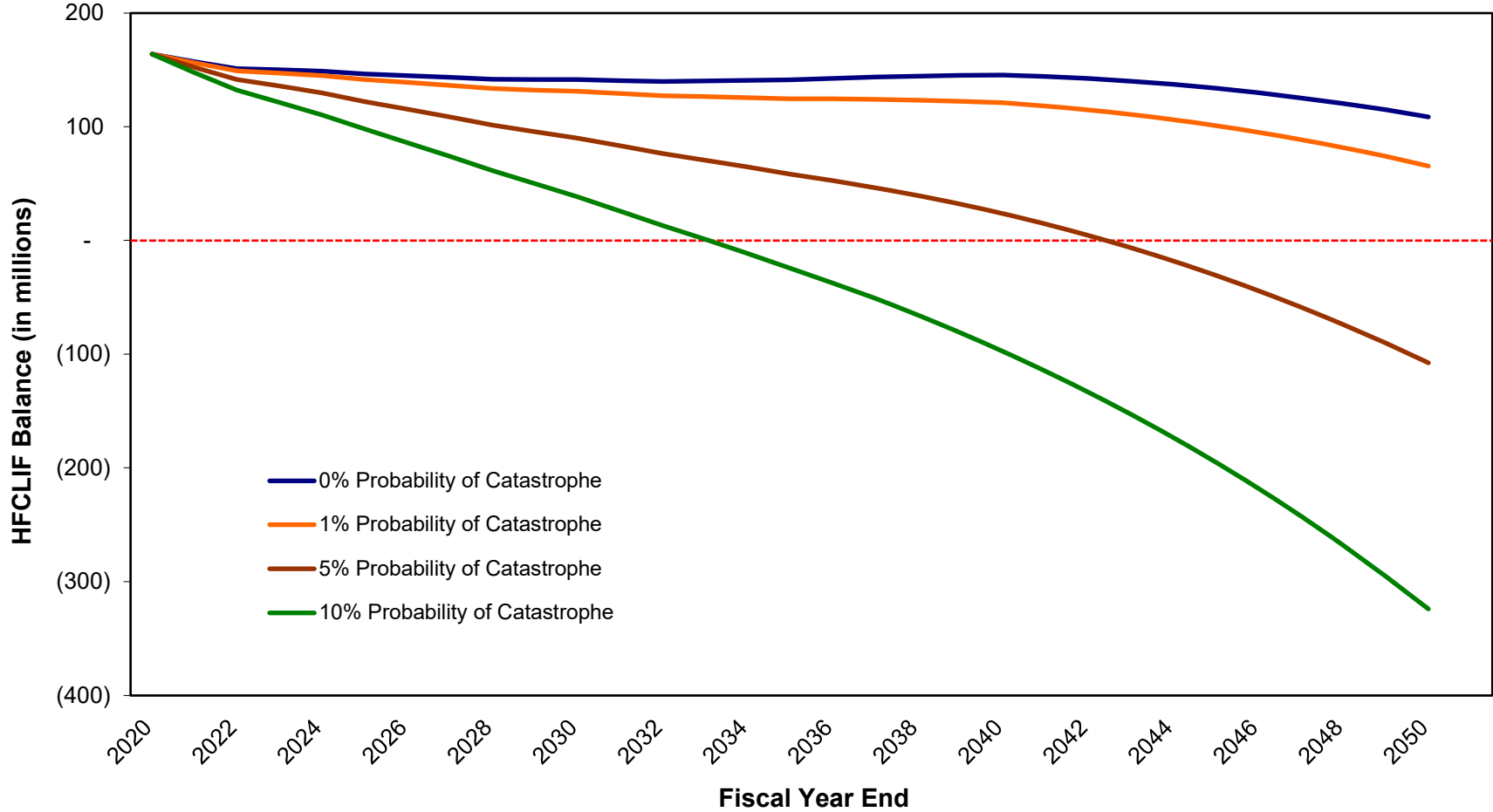
Issue Year	Total Annual Premium Loans Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1983-6/30/1984	159,700,000	3.97%	6,335,679	444	100%	7/1/2020-6/30/2021	0
7/1/1984-6/30/1985	151,784,000	3.97%	6,021,633	432	100%	7/1/2021-6/30/2022	0
7/1/1985-6/30/1986	210,620,000	3.97%	8,355,797	420	100%	7/1/2022-6/30/2023	0
7/1/1986-6/30/1987	287,629,000	3.97%	11,410,928	408	100%	7/1/2023-6/30/2024	0
7/1/1987-6/30/1988	164,845,000	3.97%	6,539,794	396	100%	7/1/2024-6/30/2025	0
7/1/1988-6/30/1989	291,840,000	3.97%	11,577,988	384	100%	7/1/2025-6/30/2026	0
7/1/1989-6/30/1990	285,070,000	3.97%	11,309,406	372	100%	7/1/2026-6/30/2027	0
7/1/1990-6/30/1991	502,627,148	3.97%	19,940,416	360	100%	7/1/2027-6/30/2028	0
7/1/1991-6/30/1992	340,350,000	3.97%	13,502,495	348	100%	7/1/2028-6/30/2029	0
7/1/1992-6/30/1993	425,234,203	3.97%	16,870,054	336	100%	7/1/2029-6/30/2030	0
7/1/1993-6/30/1994	269,577,356	3.97%	10,694,776	324	100%	7/1/2030-6/30/2031	0
7/1/1994-6/30/1995	86,855,000	3.97%	3,445,745	312	100%	7/1/2031-6/30/2032	0
7/1/1995-6/30/1996	122,845,000	3.97%	4,873,554	300	100%	7/1/2032-6/30/2033	0
7/1/1996-6/30/1997	96,845,000	3.97%	3,842,072	288	100%	7/1/2033-6/30/2034	0
7/1/1997-6/30/1998	288,615,000	3.97%	11,450,045	276	100%	7/1/2034-6/30/2035	0
7/1/1998-6/30/1999	30,100,000	3.97%	1,194,139	264	100%	7/1/2035-6/30/2036	0
7/1/1999-6/30/2000	135,160,000	3.97%	5,362,119	252	100%	7/1/2036-6/30/2037	0
7/1/2000-6/30/2001	35,640,000	3.97%	1,413,924	240	100%	7/1/2037-6/30/2038	0

**Cal-Mortgage Loan Insurance Division
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
7/1/2019-6/30/2020	163,825,305	163,825,305	163,825,305	163,825,305
7/1/2020-6/30/2021	156,984,200	156,036,000	152,252,100	147,565,900
7/1/2021-6/30/2022	150,956,500	149,056,800	141,492,800	132,032,200
7/1/2022-6/30/2023	149,885,700	147,024,700	135,616,300	121,319,700
7/1/2023-6/30/2024	148,694,200	144,842,400	129,490,400	110,325,000
7/1/2024-6/30/2025	146,313,300	141,459,500	122,108,800	97,945,130
7/1/2025-6/30/2026	144,713,500	138,819,800	115,318,000	85,971,420
7/1/2026-6/30/2027	143,268,600	136,313,200	108,566,000	73,885,100
7/1/2027-6/30/2028	141,573,600	133,534,800	101,452,200	61,385,160
7/1/2028-6/30/2029	141,295,200	132,142,000	95,573,700	49,949,180
7/1/2029-6/30/2030	141,286,400	130,978,400	89,805,850	38,390,540
7/1/2030-6/30/2031	140,471,500	128,996,100	83,146,470	25,898,600
7/1/2031-6/30/2032	139,737,700	127,051,200	76,328,740	13,024,780
7/1/2032-6/30/2033	140,245,400	126,310,700	70,585,820	1,036,437
7/1/2033-6/30/2034	140,737,100	125,502,800	64,585,360	(11,459,870)
7/1/2034-6/30/2035	141,146,200	124,560,200	58,233,570	(24,560,870)
7/1/2035-6/30/2036	142,397,100	124,412,500	52,456,890	(37,381,790)
7/1/2036-6/30/2037	143,483,600	124,020,800	46,164,540	(51,014,110)
7/1/2037-6/30/2038	144,344,800	123,344,400	39,319,730	(65,571,110)
7/1/2038-6/30/2039	144,938,000	122,322,600	31,822,250	(81,177,490)
7/1/2039-6/30/2040	145,223,000	120,909,200	23,599,330	(97,894,450)
7/1/2040-6/30/2041	144,004,900	118,105,100	14,420,240	(115,013,700)
7/1/2041-6/30/2042	142,297,300	114,745,500	4,474,023	(133,206,600)
7/1/2042-6/30/2043	140,026,800	110,758,900	(6,349,348)	(152,564,300)
7/1/2043-6/30/2044	137,268,400	106,229,400	(17,987,450)	(173,037,900)
7/1/2044-6/30/2045	133,768,500	100,895,900	(30,699,610)	(194,935,400)
7/1/2045-6/30/2046	129,777,600	95,000,430	(44,254,790)	(218,026,200)
7/1/2046-6/30/2047	125,289,700	88,512,560	(58,695,240)	(242,439,200)
7/1/2047-6/30/2048	120,295,100	81,442,920	(74,028,460)	(268,160,400)
7/1/2048-6/30/2049	114,780,400	73,785,630	(90,331,430)	(295,257,100)
7/1/2049-6/30/2050	108,727,100	65,490,220	(107,662,500)	(323,867,500)

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCLIF Balance**



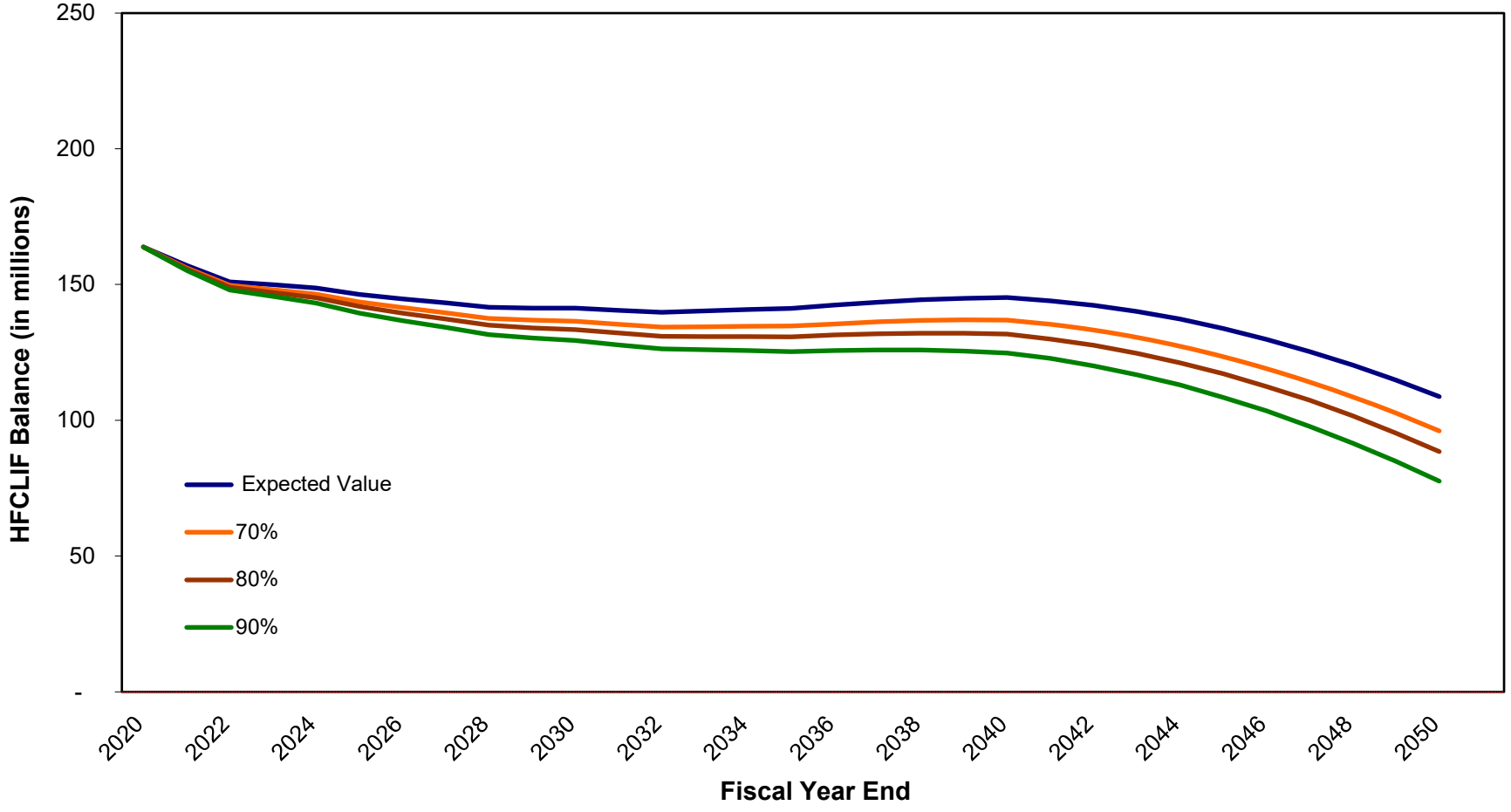
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2019-6/30/2020	163,825,305	163,825,305	163,825,305	163,825,305
7/1/2020-6/30/2021	156,984,200	156,095,800	155,640,400	155,116,900
7/1/2021-6/30/2022	150,956,500	149,716,700	148,991,500	147,986,000
7/1/2022-6/30/2023	149,885,700	148,115,800	147,068,300	145,564,600
7/1/2023-6/30/2024	148,694,200	146,451,900	145,074,400	143,133,500
7/1/2024-6/30/2025	146,313,300	143,554,700	141,874,900	139,452,000
7/1/2025-6/30/2026	144,713,500	141,463,800	139,471,800	136,705,500
7/1/2026-6/30/2027	143,268,600	139,552,000	137,329,500	134,173,400
7/1/2027-6/30/2028	141,573,600	137,476,500	134,972,900	131,483,000
7/1/2028-6/30/2029	141,295,200	136,833,200	134,042,500	130,260,000
7/1/2029-6/30/2030	141,286,400	136,470,000	133,429,100	129,389,600
7/1/2030-6/30/2031	140,471,500	135,308,300	132,126,200	127,727,100
7/1/2031-6/30/2032	139,737,700	134,308,600	130,882,600	126,243,200
7/1/2032-6/30/2033	140,245,400	134,448,300	130,823,600	125,951,100
7/1/2033-6/30/2034	140,737,100	134,627,500	130,792,900	125,651,900
7/1/2034-6/30/2035	141,146,200	134,668,000	130,714,600	125,231,300
7/1/2035-6/30/2036	142,397,100	135,481,600	131,377,600	125,689,100
7/1/2036-6/30/2037	143,483,600	136,215,100	131,865,700	125,923,800
7/1/2037-6/30/2038	144,344,800	136,757,900	132,091,100	125,891,300
7/1/2038-6/30/2039	144,938,000	137,020,300	132,020,400	125,494,800
7/1/2039-6/30/2040	145,223,000	136,896,300	131,690,800	124,770,100
7/1/2040-6/30/2041	144,004,900	135,295,300	129,903,800	122,770,900
7/1/2041-6/30/2042	142,297,300	133,177,300	127,644,600	120,013,300
7/1/2042-6/30/2043	140,026,800	130,453,000	124,676,300	116,721,300
7/1/2043-6/30/2044	137,268,400	127,267,100	121,180,700	113,020,000
7/1/2044-6/30/2045	133,768,500	123,428,300	117,131,300	108,454,000
7/1/2045-6/30/2046	129,777,600	118,982,000	112,464,600	103,468,000
7/1/2046-6/30/2047	125,289,700	114,032,000	107,354,800	97,751,990
7/1/2047-6/30/2048	120,295,100	108,631,600	101,670,300	91,573,890
7/1/2048-6/30/2049	114,780,400	102,657,200	95,247,190	84,894,680
7/1/2049-6/30/2050	108,727,100	96,094,550	88,512,180	77,658,220

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCLIF Balance**

0% Probability of Catastrophe



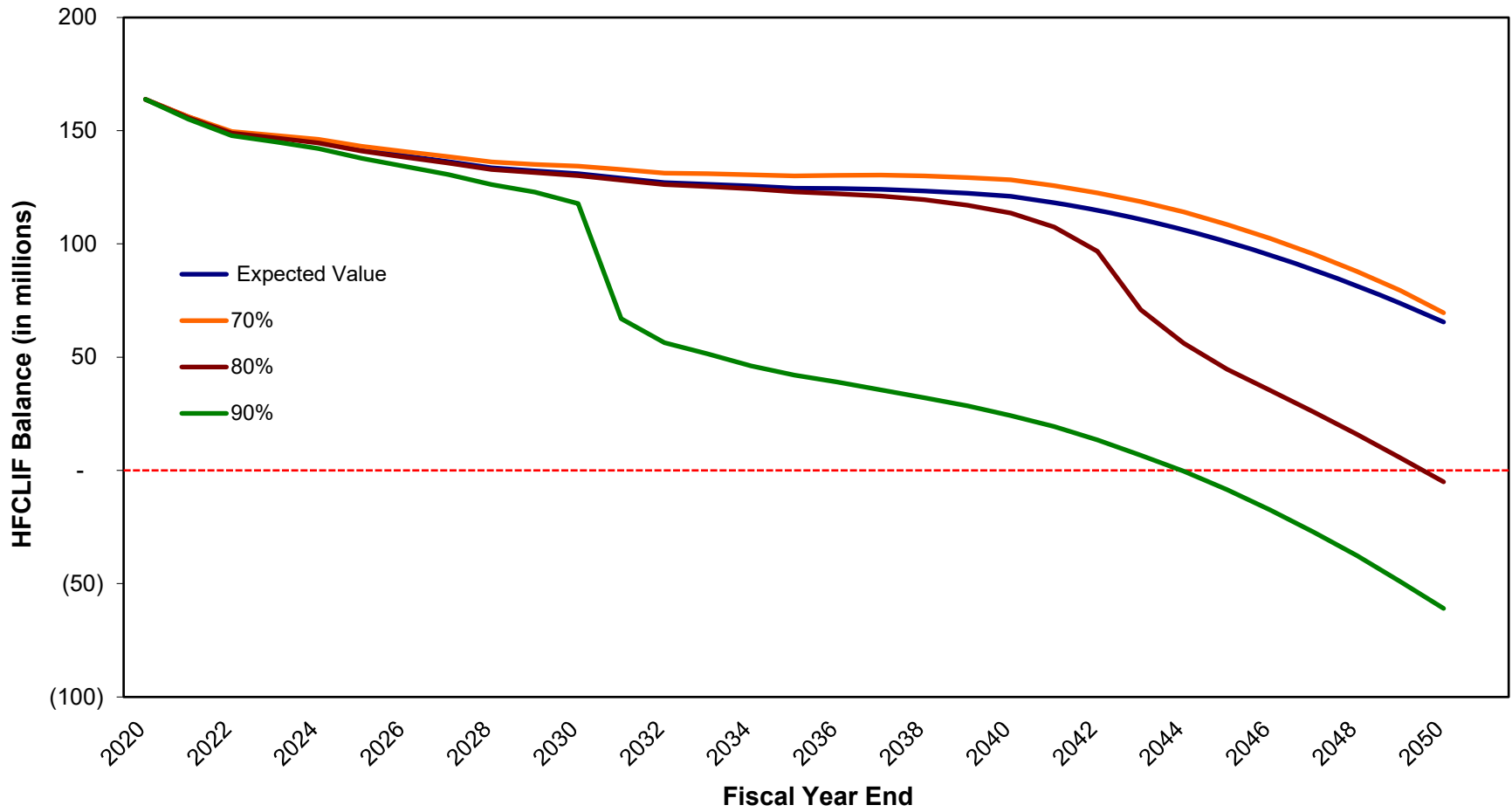
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2019-6/30/2020	163,825,305	163,825,305	163,825,305	163,825,305
7/1/2020-6/30/2021	156,036,000	156,066,800	155,599,600	155,062,600
7/1/2021-6/30/2022	149,056,800	149,616,800	148,867,700	147,746,600
7/1/2022-6/30/2023	147,024,700	147,907,000	146,747,400	144,982,000
7/1/2023-6/30/2024	144,842,400	146,094,300	144,515,000	142,044,100
7/1/2024-6/30/2025	141,459,500	142,991,500	140,998,500	137,720,000
7/1/2025-6/30/2026	138,819,800	140,644,400	138,275,500	134,163,400
7/1/2026-6/30/2027	136,313,200	138,445,000	135,682,200	130,555,700
7/1/2027-6/30/2028	133,534,800	136,083,100	132,804,900	126,205,900
7/1/2028-6/30/2029	132,142,000	135,078,700	131,414,000	122,862,900
7/1/2029-6/30/2030	130,978,400	134,342,300	130,114,900	117,778,300
7/1/2030-6/30/2031	128,996,100	132,749,300	128,098,000	66,988,290
7/1/2031-6/30/2032	127,051,200	131,240,400	126,093,600	56,372,780
7/1/2032-6/30/2033	126,310,700	130,905,900	125,234,000	51,411,060
7/1/2033-6/30/2034	125,502,800	130,521,600	124,280,000	46,091,620
7/1/2034-6/30/2035	124,560,200	129,980,700	122,946,500	42,007,710
7/1/2035-6/30/2036	124,412,500	130,245,300	122,122,200	38,953,200
7/1/2036-6/30/2037	124,020,800	130,293,700	121,126,300	35,570,560
7/1/2037-6/30/2038	123,344,400	129,965,300	119,433,200	32,061,060
7/1/2038-6/30/2039	122,322,600	129,260,300	117,021,000	28,506,850
7/1/2039-6/30/2040	120,909,200	128,230,900	113,582,700	24,209,210
7/1/2040-6/30/2041	118,105,100	125,618,600	107,389,800	19,322,720
7/1/2041-6/30/2042	114,745,500	122,434,700	96,634,450	13,489,060
7/1/2042-6/30/2043	110,758,900	118,640,200	70,895,980	6,619,496
7/1/2043-6/30/2044	106,229,400	114,104,600	56,106,320	(411,857)
7/1/2044-6/30/2045	100,895,900	108,563,300	44,680,080	(8,554,137)
7/1/2045-6/30/2046	95,000,430	102,347,500	35,307,660	(17,493,800)
7/1/2046-6/30/2047	88,512,560	95,416,680	25,768,010	(27,225,060)
7/1/2047-6/30/2048	81,442,920	87,791,030	15,941,250	(37,639,890)
7/1/2048-6/30/2049	73,785,630	79,392,290	5,496,356	(49,108,030)
7/1/2049-6/30/2050	65,490,220	69,659,550	(4,985,118)	(60,863,610)

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCLIF Balance**

1% Probability of Catastrophe



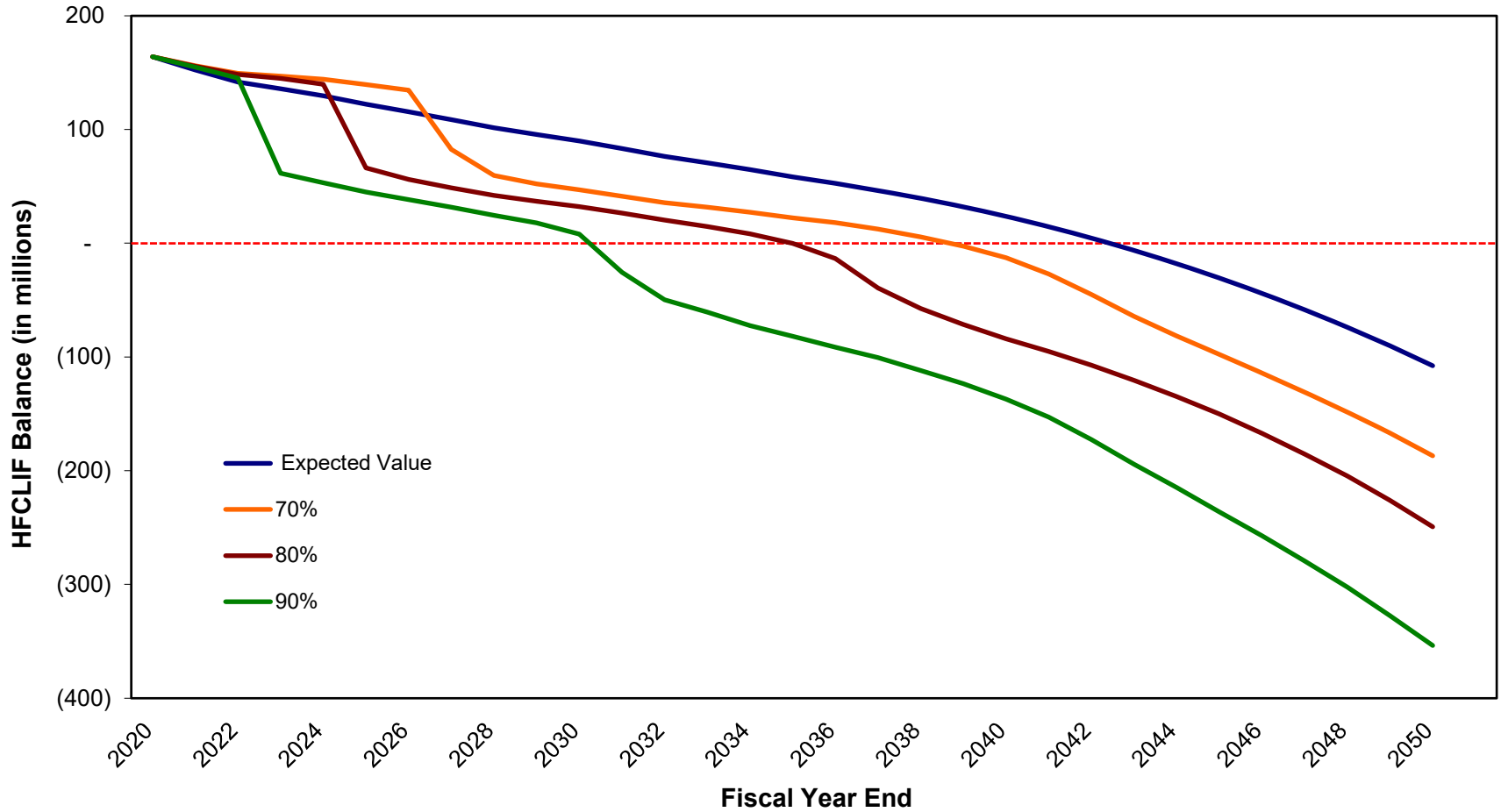
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2019-6/30/2020	163,825,305	163,825,305	163,825,305	163,825,305
7/1/2020-6/30/2021	152,252,100	155,936,200	155,430,300	154,754,000
7/1/2021-6/30/2022	141,492,800	149,175,900	148,148,400	145,128,700
7/1/2022-6/30/2023	135,616,300	146,853,100	144,863,800	61,532,040
7/1/2023-6/30/2024	129,490,400	144,018,200	139,663,700	53,016,480
7/1/2024-6/30/2025	122,108,800	139,332,200	66,216,540	44,928,930
7/1/2025-6/30/2026	115,318,000	134,470,200	55,950,640	38,283,240
7/1/2026-6/30/2027	108,566,000	82,487,460	48,543,740	31,616,180
7/1/2027-6/30/2028	101,452,200	59,374,080	41,850,910	24,403,080
7/1/2028-6/30/2029	95,573,700	52,072,020	36,841,880	17,745,360
7/1/2029-6/30/2030	89,805,850	46,757,240	32,004,530	7,878,059
7/1/2030-6/30/2031	83,146,470	41,125,870	26,360,090	(25,553,450)
7/1/2031-6/30/2032	76,328,740	35,590,520	20,195,060	(49,785,480)
7/1/2032-6/30/2033	70,585,820	31,469,470	14,667,440	(60,622,000)
7/1/2033-6/30/2034	64,585,360	27,162,800	8,153,096	(72,521,360)
7/1/2034-6/30/2035	58,233,570	22,309,780	(328,794)	(81,928,380)
7/1/2035-6/30/2036	52,456,890	17,917,840	(13,635,570)	(91,458,960)
7/1/2036-6/30/2037	46,164,540	12,395,980	(39,399,750)	(100,671,800)
7/1/2037-6/30/2038	39,319,730	5,476,037	(57,362,210)	(112,042,700)
7/1/2038-6/30/2039	31,822,250	(2,712,367)	(71,442,250)	(123,435,500)
7/1/2039-6/30/2040	23,599,330	(12,693,170)	(84,110,300)	(137,157,700)
7/1/2040-6/30/2041	14,420,240	(27,077,200)	(95,170,250)	(152,790,600)
7/1/2041-6/30/2042	4,474,023	(45,004,060)	(107,186,000)	(172,670,500)
7/1/2042-6/30/2043	(6,349,348)	(64,272,690)	(120,468,400)	(194,382,100)
7/1/2043-6/30/2044	(17,987,450)	(81,701,100)	(134,845,300)	(214,844,100)
7/1/2044-6/30/2045	(30,699,610)	(97,867,180)	(150,142,600)	(236,187,900)
7/1/2045-6/30/2046	(44,254,790)	(114,164,200)	(167,082,700)	(257,212,300)
7/1/2046-6/30/2047	(58,695,240)	(130,887,500)	(185,435,100)	(279,340,300)
7/1/2047-6/30/2048	(74,028,460)	(148,758,100)	(204,743,600)	(302,354,000)
7/1/2048-6/30/2049	(90,331,430)	(166,967,900)	(226,091,800)	(327,488,600)
7/1/2049-6/30/2050	(107,662,500)	(186,879,800)	(249,207,400)	(353,606,800)

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCLIF Balance**

5% Probability of Catastrophe



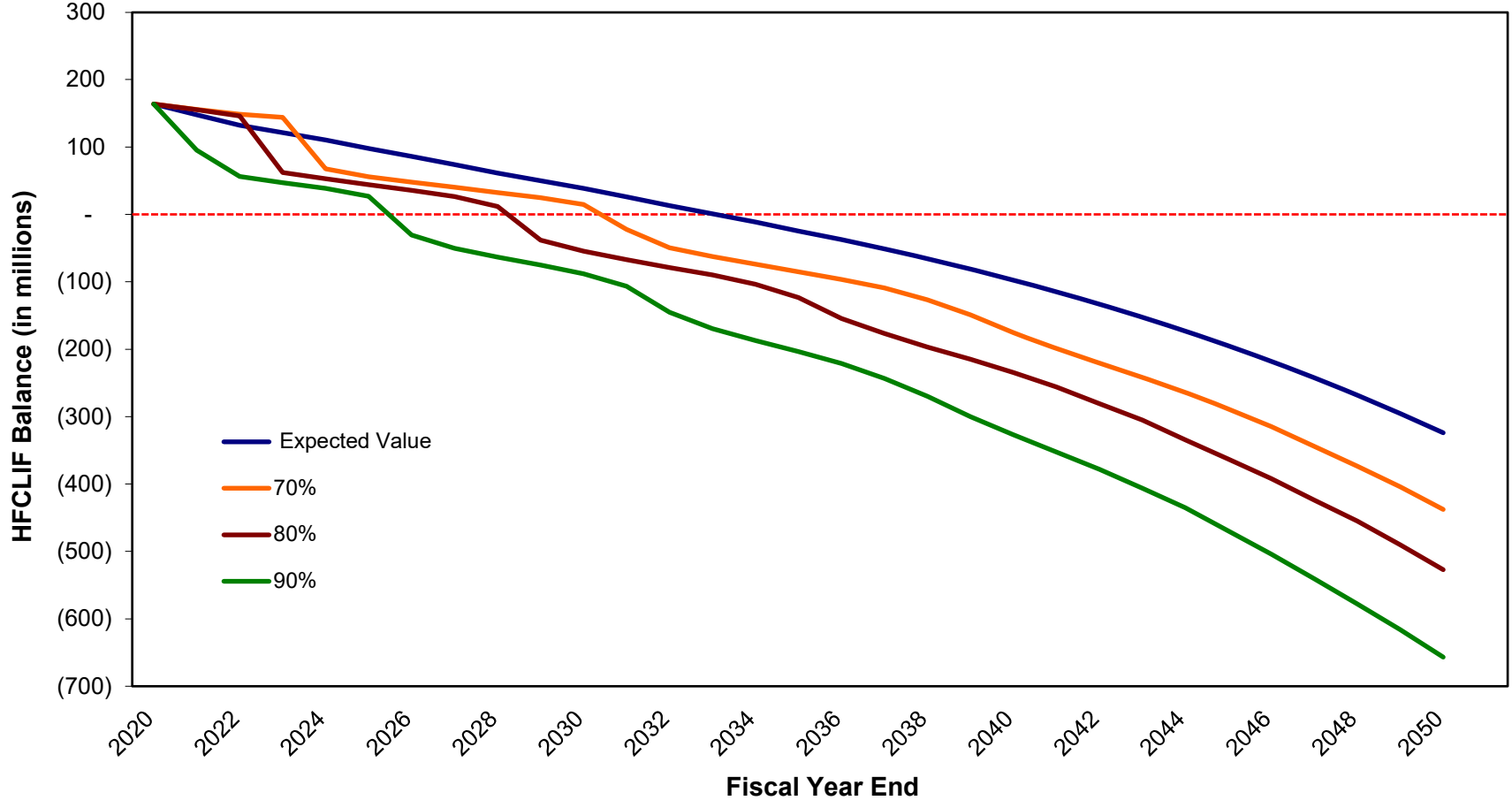
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Projected Fiscal Year End HFCLIF Balance
10% Probability of Catastrophe**

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2019-6/30/2020	163,825,305	163,825,305	163,825,305	163,825,305
7/1/2020-6/30/2021	147,565,900	155,752,300	155,186,000	95,423,820
7/1/2021-6/30/2022	132,032,200	148,401,100	146,049,400	56,359,200
7/1/2022-6/30/2023	121,319,700	144,051,700	62,260,590	47,028,130
7/1/2023-6/30/2024	110,325,000	67,524,490	53,002,560	38,559,940
7/1/2024-6/30/2025	97,945,130	55,863,220	44,177,450	26,728,910
7/1/2025-6/30/2026	85,971,420	47,810,100	35,862,160	(30,524,780)
7/1/2026-6/30/2027	73,885,100	40,291,490	26,521,470	(50,232,990)
7/1/2027-6/30/2028	61,385,160	32,298,270	11,861,270	(63,581,560)
7/1/2028-6/30/2029	49,949,180	24,908,820	(38,228,260)	(74,988,760)
7/1/2029-6/30/2030	38,390,540	14,702,050	(54,378,000)	(88,165,660)
7/1/2030-6/30/2031	25,898,600	(22,239,820)	(67,007,750)	(106,580,500)
7/1/2031-6/30/2032	13,024,780	(49,564,320)	(78,896,410)	(145,058,600)
7/1/2032-6/30/2033	1,036,437	(62,391,970)	(90,010,540)	(169,369,600)
7/1/2033-6/30/2034	(11,459,870)	(73,948,160)	(103,692,200)	(187,015,500)
7/1/2034-6/30/2035	(24,560,870)	(85,336,050)	(123,203,300)	(203,577,800)
7/1/2035-6/30/2036	(37,381,790)	(96,582,990)	(154,246,000)	(221,111,300)
7/1/2036-6/30/2037	(51,014,110)	(109,113,400)	(176,523,300)	(243,542,600)
7/1/2037-6/30/2038	(65,571,110)	(126,705,300)	(196,730,000)	(270,032,600)
7/1/2038-6/30/2039	(81,177,490)	(149,024,600)	(215,029,500)	(300,216,400)
7/1/2039-6/30/2040	(97,894,450)	(175,552,500)	(234,750,100)	(327,063,600)
7/1/2040-6/30/2041	(115,013,700)	(198,863,600)	(256,179,400)	(352,571,800)
7/1/2041-6/30/2042	(133,206,600)	(220,289,500)	(280,863,500)	(378,235,900)
7/1/2042-6/30/2043	(152,564,300)	(241,961,400)	(305,003,400)	(406,090,300)
7/1/2043-6/30/2044	(173,037,900)	(264,021,800)	(334,422,800)	(435,266,800)
7/1/2044-6/30/2045	(194,935,400)	(288,823,800)	(363,133,800)	(469,412,700)
7/1/2045-6/30/2046	(218,026,200)	(314,791,200)	(392,171,400)	(503,962,400)
7/1/2046-6/30/2047	(242,439,200)	(343,962,700)	(423,702,000)	(540,622,400)
7/1/2047-6/30/2048	(268,160,400)	(373,556,800)	(454,980,100)	(577,878,000)
7/1/2048-6/30/2049	(295,257,100)	(404,299,000)	(490,007,200)	(616,258,400)
7/1/2049-6/30/2050	(323,867,500)	(437,606,900)	(526,986,600)	(656,585,000)

**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Estimated Fiscal Year End HFCLIF Balance**

10% Probability of Catastrophe



**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Parameters for Monte Carlo Simulation
Based on Data as of June 30, 2020**

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%	27.2%
1982	1.13%	40.17%	29.2%
1983	0.28%	54.32%	39.1%
1984	0.23%	40.39%	29.1%
1985	0.91%	26.26%	19.1%
1986	3.88%	24.40%	18.6%
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%	7.3%
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%	10.6%
1996	3.30%	10.33%	8.4%
1997	1.00%	9.03%	6.8%
1998	0.77%	9.28%	6.9%
1999	0.45%	8.50%	6.2%
2000	0.05%	5.74%	4.1%
2001	0.05%	6.06%	4.4%
2002	0.44%	3.72%	2.8%
2003	2.37%	3.30%	3.0%
2004	0.13%	6.55%	4.7%
2005	0.43%	1.46%	1.2%
2006	0.17%	2.84%	2.1%
2007	2.66%	6.79%	5.6%
2008	0.88%	7.97%	6.0%
2009	0.07%	15.59%	11.2%
2010	0.32%	16.68%	12.1%
2011	0.36%	21.78%	15.8%
2012	0.67%	18.85%	13.7%
2013	0.38%	11.30%	8.2%
2014	0.48%	20.23%	14.7%
2015	0.73%	13.59%	10.0%
2016	0.75%	16.65%	12.2%
2017	0.86%	17.67%	12.9%
2018	0.99%	23.13%	16.9%
2019	1.05%	15.50%	11.4%

Current Split of Exposure (Current Principal Balance)		
(4)	Hospital:	28.1%
(5)	Nursing Home:	71.9%

Indicated CV (Coefficient of Variation):

1981 - 2019	0.778
1981 - 1999	0.806
1997 - 2007	0.442
2005 - 2019	0.463
1999 - 2019	0.574
Prior CV	0.570

Selected CV	0.570
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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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Parameters for Monte Carlo Simulation
Based on Data as of June 30, 2020**

		Distribution	Expected	Selected CV	Low	High
(1)	Long-Term Default Rate	Truncated Lognormal	6.30%	0.57	1.26%	31.50%
(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	7.00%		0.00%	15.00%
(6)	Investment Yield	Triangle			Expected - 2%	Expected + 2%

Notes:

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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

**Ten Largest Borrowers Based on Original Insured Amount
Based on Data as of June 30, 2020**

Borrower Rank	Borrower	Original Insured Amount	Current Principal Balance
#1	Enloe Medical Center	242,645,000	196,525,000
#2	Viamonte Senior Living	187,230,000	187,230,000
#3	Northern California Retired Officer Community	150,080,000	133,335,000
#4	Jewish Home of San Francisco	135,920,000	102,505,000
#5	Marshall Medical Center	113,575,000	98,770,000
#6	Los Angeles Jewish Home for the Aging	183,870,000	97,150,000
#7	Channing House	98,165,000	96,900,000
#8	Odd Fellows Home of California	98,550,000	76,125,000
#9	Casa De Las Campanas	112,310,000	60,451,000
#10	Chinese Hospital	65,000,000	57,960,000
TOTALS		1,387,345,000	1,106,951,000

<i>Average</i>	138,734,500
<i>Average Excluding High & Low</i>	134,962,500
<i>Prior Selected Catastrophe Loss</i>	120,000,000
<i>Selected Catastrophe Loss</i>	125,000,000



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