ADVISORY LOAN INSURANCE COMMITTEE

April 10, 2025

Cal-Mortgage Loan Insurance Program
Department of Health Care Access and Information

2020 West El Camino Avenue, Suite 1231
Sacramento, California, 95833
916–319-8800

HCAI Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

Cal-Mortgage Loan Insurance Program
Advisory Loan Insurance Committee (ALIC)

AGENDA

Thursday, April 10, 2025
10:30 a.m.

The ALIC may not discuss or act on any matter raised during the public comment section that is not included on this agenda, except to place the matter on a future meeting agenda. (Government Code §§ 11125, 11125.7, subd. (a).)

Location:
2020 West El Camino Avenue, Conference Room 1237, Sacramento, CA 95833

Microsoft Teams Link: Click here to join the meeting
Call-in audio only: (916) 535-0978, Conference ID: 154 161 555#

Item No. 1 Call to Order and Welcome
Jay Harris, Committee Chair (or designee)
- Roll call of ALIC members

Item No. 2 Public Comment Regarding Action Items on Today's Agenda
Jay Harris, Committee Chair (or designee)

Item No. 3 ALIC Chair and HCAI Executive Staff Remarks
- Jay Harris, Chair, ALIC Committee
- Elizabeth Landsberg, HCAI Director
- Scott Christman, HCAI Chief Deputy Director
- Dean O'Brien, Cal-Mortgage Deputy Director

Item No. 4 Approval of the Minutes of the September 12, 2024, Meeting – Action Item
Jay Harris, Committee Chair (or designee)

Item No. 5 Cal-Mortgage Loan Insurance Program 2022 Actuarial Study Results
Dean O'Brien, Cal-Mortgage Deputy Director

Mr. O'Brien will present to the Committee a summary of the 2022 Actuarial Study results for the Cal-Mortgage Loan Insurance Program.

Item No. 6 Cal-Mortgage Reports – Informational Item

A. Project Monitoring
Consuelo Hernandez, Cal-Mortgage Supervisor

Ms. Hernandez will report on statistics about the existing portfolio of Cal-Mortgage Borrowers.

B. Pending Projects
Consuelo Hernandez, Cal-Mortgage Supervisor

Ms. Hernandez will report on current or prospective borrower applications.

C. Problem Project Report
Dean O'Brien, Cal-Mortgage Deputy Director

Mr. O'Brien will report on projects appearing on the Cal-Mortgage Problem Report.

D. Distressed Hospital Loan Program and Small and Rural Hospital Relief Program
Dean O'Brien, Cal-Mortgage Deputy Director

Mr. O'Brien will report on the activities of the Distressed Hospital Loan Program and Small and Rural relief Program.

Item No. 7 Future Agenda Items/Announcements from Committee Members
Jay Harris, Committee Chair (or designee)

Item No. 8 General Public Comment
Jay Harris, Committee Chair (or designee)

Item No. 9 Adjournment
Jay Harris, Committee Chair (or designee)

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Board Members: Jay Harris, Chair* *Attending Virtually
Derik Ghookasian, Vice Chair*
Soyla Reyna-Griffin*
Jonathon Andrus*
John Woodward*
Richard Tannahill*
Scott Coffin*
Mary Connick*

HCAI Staff: Elizabeth Landsberg, Director
Scott Christman, Chief Deputy Director
Dean O'Brien, Cal-Mortgage Deputy Director
Consuelo Hernandez, Cal-Mortgage Supervisor

The Advisory Loan Insurance Committee agenda and other notices about meetings are posted online and can be found by searching for the Advisory Loan Insurance Committee and meeting month at https://hcai.ca.gov/public-meetings.

For further information about this meeting, please contact Joanna Luce at (916) 319-8828, Joanna.Luce@hcai.ca.gov, or send a letter to The Department of Health Care Access and Information, 2020 West El Camino Avenue, Sacramento, CA 95833. Attn: Joanna Luce

The Advisory Loan Insurance Committee may take action under any agenda item.

Every effort will be made to address each agenda item as listed. However, the agenda order is tentative and subject to change without prior notice. Items not listed on the agenda will not be considered. The Advisory Loan Insurance Committee may take a brief break during the meeting. Members of the public are NOT required to identify themselves or provide other information to attend or participate in this meeting. If Microsoft Teams (or other platform) requires a name, you may enter "Anonymous". You may also input fictitious information for other requested information if required to attend the meeting (e.g., anonymous@anonymous.com).

This meeting is accessible to persons with a disability. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Joanna Luce at (916) 319-8828 or Joanna.Luce@hcai.ca.gov**,** or sending a written request to that person at 2020 West El Camino Avenue, Sacramento, CA 95833. Providing your request at least seven (7) business days before the meeting will help ensure availability of the requested accommodation.

If you need help understanding or translating into another language, or if you need sign language services, please contact Joanna Luce at (916) 319-8828 or Joanna.Luce@hcai.ca.gov. Let us know at least seven days before the meeting so we can set up the services you need.

Spanish/ Español

Si necesita ayuda para comprender o traducir a otro idioma, o si necesita servicios de lenguaje de señas, póngase en contacto con Joanna Luce at (916) 319-8828 or Joanna.Luce@hcai.ca.gov. Avísenos al menos siete días antes de la reunión a fin de que podamos programar los servicios que necesita.

Korean/ 한국어

이 회의 안건을 이해하는 데 도움이 필요하거나, 다른 언어로 번역이 필요하거나, 수화 서비스가 필요한 경우: Please contact Joanna Luce at (916) 319-8828 or Joanna.Luce@hcai.ca.gov. 필요한 서비스를 제공할 수 있도록 회의 개최 7일 전까지 알려주십시오.

Chinese Simplified/簡體中文

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Tagalog/Tagalog

Kung kailangan mo ng tulong sa pag-unawa o pagsasalin sa ibang wika, o kung kailangan mo ng mga serbisyo ng sign language, mangyaring makipag-ugnayan sa Joanna Luce at (916) 319-8828 or Joanna.Luce@hcai.ca.gov. Ipaalam sa amin nang hindi bababa sa pitong araw bago ang pagpupulong upang mai-set up namin ang kailangan mong mga serbisyo.

Vietnamese/Tiếng Việt

Nếu quý vị cần trợ giúp để hiểu hoặc để dịch sang ngôn ngữ khác hoặc nếu quý vị cần dịch vụ ngôn ngữ ký hiệu, vui lòng liên hệ Joanna Luce at (916) 319-8828 or Joanna.Luce@hcai.ca.gov. Vui lòng cho chúng tôi biết ít nhất bảy ngày trước cuộc họp để chúng tôi có thể bố trí các dịch vụ mà quý vị cần

Chinese Cantonese(Traditional)/中文 粵語

如果您需要幫助理解或其他語言的翻譯服務，或需要手語服務，請聯絡 Joanna Luce at (916) 319-8828 or Joanna.Luce@hcai.ca.gov**.** 至少在會議前七天通知我們，以便我們安排您所需的服務。

Agenda Item 4 – Draft Minutes of the September 12, 2024 ALIC Meeting

HCAI Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

ADVISORY LOAN INSURANCE COMMITTEE MINUTES

September 12, 2024

1. CALL TO ORDER

Mr. Jay Harris, ALIC Chair, called to order the meeting of the Advisory Loan Insurance Committee (Committee) of the Cal-Mortgage Loan Insurance Program (Cal-Mortgage) of the Department of Health Care Access and information (HCAI) at 10:32 a.m.

COMMITTEE MEMBERS PRESENT
Jay Harris, Chair, via teleconference
Derik Ghookasian, Vice Chair, via teleconference
Jonathon Andrus, Member, via teleconference
John Woodward, Member, via teleconference
Richard Tannahill, Member
Scott Coffin, Member, via teleconference
Mary Connick, Member, via teleconference

COMMITTEE MEMBERS ABSENT
Soyla Reyna-Griffin, Member

ADDITIONAL ATTENDEES
Elizabeth Landsberg, HCAI, Director
Scott Christman, HCAI, Chief Deputy Director
Jeremy (J.P.) Marion, HCAI, Cal-Mortgage, Deputy Director
Consuelo Hernandez, HCAI, Cal-Mortgage, Supervisor
Dean O’Brien, HCAI, Cal-Mortgage, Supervisor
Geoff Trautman, HCAI, Staff Attorney
Camille Dixon, HCAI, Staff Attorney
Dennis Lo, HCAI, Cal-Mortgage, Account Manager
Lauren Hadley, HCAI, Cal-Mortgage, Account Manager
Arne Bracchi, HCAI, Cal-Mortgage, Account Manager
Tom Wenas, HCAI, Cal-Mortgage, Account Manager
Frank Perry, HCAI, Cal-Mortgage, Health Program Specialist II
Wendy Benedetto, HCAI, Cal-Mortgage, Associate Governmental Program Analyst
Joanna Luce, HCAI, Cal-Mortgage, Executive Secretary
Helen Lee, HCAI, Chief Pharmacy Officer
Mark Baddas, Moldaw Residences, Executive Director
Ben Chaika, Moldaw Residences, Chief Financial Officer
Gina Rosenfield, Moldaw Residences, Board Chair

Kathy Kirchoff, Cain Brothers, Managing Director
Thomas Culhane, Cain Brothers, Vice President
Taylor Moore, Cain Brothers, Investment Banking Associate
Bill Hendrickson, Hendrickson Consulting, Principal

2. PUBLIC COMMENT REGARDING ACTION ITEMS ON TODAY'S AGENDA

Before Mr. Harris performed a voice roll call of Committee members, Mr. J.P. Marion, HCAI, Cal-Mortgage Deputy Director asked that for purposes of documenting the minutes for this teleconference meeting, that any participants when speaking on the call, to first state their name, noting members of the public are exempt from this request. Mr. Marion also asked that for today's action items, the voting be done through a roll-call vote. With that announcement, Mr. Marion turned the meeting over to Mr. Harris to preside over the meeting agenda. Mr. Harris then proceeded to perform a voice roll call of the Committee members present at today's meeting.

3. ALIC CHAIR AND HCAI EXECUTIVE STAFF REMARKS

- **ALIC Chair**
  Mr. Harris did not make any opening remarks.

- **HCAI Director**
  Ms. Elizabeth Landsberg, HCAI Director began her remarks by noting Mr. Scott Christman, HCAI Chief Deputy Director updated the Committee on the state budget (Budget), required budget cuts, and the Budget's impact on HCAI in her absence at the July ALIC meeting. Ms. Landsberg said HCAI's budget solutions process is still occurring.

  Ms. Landsberg then said the Legislature ended its session at the end of September and the bills that passed are now on the Governor's desk. The Governor has until the end of October to sign or veto the bills on his desk. HCAI is monitoring the bills that will impact HCAI.

  Ms. Landsberg then provided the Committee with an extensive update of HCAI's new Office of Health Care Affordability's (OHCA) Health Care Affordability Board (HCAB) meeting that recently occurred in Monterey County. HCAB meets monthly and from nearly the beginning of these meetings HCAB heard from consumers that have traveled from Monterey to talk about the crushing cost of health care in their area. In response, HCAI traveled to Monterey with OHCA staff and staff leaders for Covered California and CalPERS to hear from those consumers that are not able to travel to Sacramento for an HCAB meeting and give them the opportunity to engage with HCAB. During this meeting the subjects of the high-cost of health care in Monterey County relative to the rest of California and the reasons behind the high-cost health care; HCAB's adoption of statewide spending growth targets; and HCAB's authority to adopt sector targets in costlier areas were discussed in detail.

- **HCAI Chief Deputy Director**
  Mr. Christman did not make any opening remarks.

- **Cal-Mortgage Deputy Director**
  Mr. Marion began his remarks with a brief update of the Distressed Hospital Loan Program (DHLP). Mr. Marion said since his report at the last Committee meeting, all of the loan transactions for the $300 million in funding have been finalized and all of the borrowers have received their loan proceeds. Madera Community Hospital and Hazel Hawkins have a draw down process on their loans, where they have to request distributions to draw in increments as needed. This is because of their bankruptcy situations early on in the program and confirmation that the draws were being spent on hospital operations and not bankruptcy expenses. Additionally, the law that created the DHLP requires that HCAI, in collaboration with its partners at the California Health Facilities Financing Authority with the approval from the Department of Finance, collectively develop an application process for borrowers to seek loan forgiveness. The development of the application is in progress with the goal of going live with the application process in January 2025, with the first loans due for monthly payments in April 2025.

  Mr. Marion then said the Small and Rural Hospital Relief Program that offers grants to small and rural hospitals for seismic compliance initiatives has awarded four grants totaling $1.1 million so far. Adding that there are a number of applicants working their way through the process on submitting plans for valid seismic compliance projects and we continue to work with our partners within the HCAI seismic compliance unit on outreach to the hospitals that are eligible for the program.

  Mr. Marion updated the Committee on SB 525, the healthcare worker minimum wage bill. The law allows for clinics to seek a waiver from the minimum wage requirement for 12-months based on financial distress. The Department of Industrial Relations administers this program, HCAI is named as the department responsible for verifying the financial distress component of the waiver application. The waiver application went live on August 12th and applications will be accepted through September 20th.

  Mr. Marion said there is additional proposed work for Cal-Mortgage in some of the pending hospital seismic legislation. Further saying though there have not been many loan applicants for the Cal-Mortgage program, but we’ve been keeping very busy with the work of the new programs.

  At the conclusion of Mr. Marion’s remarks Mr. Marion said that he will get into more of Cal-Mortgage portfolio specifics and projects later in the agenda. There were no additional questions from the Committee for Mr. Marion at this time.

4. APPROVAL OF THE MINUTES OF THE JULY 11, 2024 MEETING

A motion to approve the minutes as written was made by Mr. Jonathon Woodward. Mr. Jonathon Andrus seconded the motion. Before the Committee voted on this agenda item, Mr. Harris called for public comments. Hearing none, Mr. Harris preformed a voice roll call vote. The motion passed, 7-0.

5. LOAN INSURANCE APPLICATION REVIEW: 899 CHARLESTON DBA MOLDAW RESIDENCES (APPLICANT)

Dennis Lo, Account Manager

The Applicant is a California nonprofit public benefit corporation, which owns and operates a Continuing Care Retirement Community in Palo Alto, California.

The proposed insured loan of $60,945,000 (2024 Bonds) will be used to i) refinance the existing tax-exempt bond series 2014A that were used to refund the construction financing for the facility and pay down certain debt obligations of the Applicant; and ii) pay costs of issuance and establish a debt service reserve fund for the 2024 Bonds.

Prior to discussion of the Applicant's loan application, Ms. Mary Connick, Committee member stated that she needed to recuse herself from the loan insurance application discussion as she has recent past experience working for the Applicant. Ms. Connick then signed off from the meeting for the duration of the Applicant's loan application discussion.

Mr. Harris then asked Mr. Woodward if he had a statement to make prior to hearing the Applicant's loan application. Mr. Woodward said that he was not going to recuse himself unless someone expresses discomfort but said that he has a prior relationship with Front Porch Community Services, which operates a competitor in Palo Alto and another one in Cupertino.

Mr. Harris said he wanted to mention that two or three years ago he did some work for the Jewish Home Senior Living Group. The work included interviewing board members, including members who were appointed by the Applicant at that time, but did not feel that he needed to recuse himself from the Applicant's loan application discussion.

Hearing no objections to Mr. Harris and Mr. Woodwards' statements, Mr. Harris turned the meeting over to Dennis Lo, Account Manager for the Applicant.

Mr. Lo provided the Committee with a summary background of the Applicant and the project with his recommendation to approve the request for loan insurance. Mr. Lo then introduced the following representatives present on behalf of the Applicant:

Mark Baddas, Moldaw Residences, Executive Director

Ben Chaika, Moldaw Residences, Chief Financial Officer
Gina Rosenfield, Moldaw Residences, Board Chair
Kathy Kirchoff, Cain Brothers, Managing Director
Thomas Culhane, Cain Brothers, Vice President
Taylor Moore, Investment Banking Associate
Bill Hendrickson, Hendrickson Consulting, Principal

Ms. Rosenfield made brief opening remarks beginning with her personal background, relationship to the Applicant, and the history of the Applicant. Following Ms. Rosenfield's opening remarks, a discussion of this loan application with the Committee and Applicant occurred. The following subjects related to the Applicant's application were discussed: Jewish Home and Senior Living Foundation; refinance of existing loans; multiple loans for the same debt; financial operating philosophy; operating performance; income statement; deferred revenue; cash flow; operating expenses; capital improvement and equipment replacement expenses and depreciation; entrance fees; balance sheet improvement; rate increases; 2024 fiscal year audit; plans for facility expansion; occupancy rates; skilled nursing and transfers to skilled nursing facilities outside of the Applicant's facility; memory care units; relationship with the Jewish Home Community Center; units for lower income residents; and financial aid for residents.

At the conclusion of this discussion, all questions were answered to the Committee's satisfaction Mr. Harris opened the discussion to the public for comment. No public comments were offered on the Applicant's loan application. Mr. Harris then called for a motion to vote on the loan application project. Mr. Scott Coffin made the motion to approve the application for loan insurance. Mr. Derik Ghookasian seconded the motion. The Committee voted to approve the application. The motion passed, 6-0.

At the conclusion of the loan application discussion and vote on the application, Ms. Connick rejoined the meeting.

6. DEPUTY DIRECTOR'S REPORTS

- **Project Monitoring – Dean O'Brien**
  Mr. Harris asked Mr. Marion to direct the Deputy Director's Reports. Mr. Marion then asked Mr. Dean O'Brien, HCAI Cal-Mortgage Supervisor to present the Project Monitoring Report. Mr. Marion shared a copy of the Deputy Director's Reports for the individuals attending today's meeting via video teleconference. Mr. O'Brien informed the Committee that the deadline for reporting current quarterly information is August 15. As such there is a small dip in the current financials received. The account managers are actively tracking down the overdue reports. In addition, the account managers are doing a good job going out to conduct site visits on their projects. A backlog of site visits needing to be completed occurred during the COVID-19 pandemic. Encouragement of the account managers to get out and visit their projects continues.

At the conclusion of Mr. O'Brien's report, the Committee did not have any questions for this report. Mr. O'Brien then asked Ms. Consuelo Hernandez, HCAI, Cal-Mortgage Supervisor to present the Pending Projects Report.

- **Pending Projects – Consuelo Hernandez**
  Ms. Hernandez informed the Committee that the last project to come before the Committee, La Maestra Community Health Centers will be closing their loan on September 19. The October Committee meeting will be canceled. Ms. Hernandez said that we continue to work with Alexander Valley Healthcare to wrap up the outstanding items that need to be completed before bringing the project before the Committee either at a November meeting or the December meeting. Other projects that may come before the Committee are still in the very early discussion process and not likely be ready to present their projects until early next year.

  At the conclusion of Ms. Hernandez's report, the Committee did not have any questions. Mr. Marion then began his Problem Projects Report.

- **Problem Project Report – J.P. Marion**
  Mr. Marion discussed the borrowers that are experiencing financial difficulties, and the action plan devised to address each borrower as well as additional borrowers that we are tracking on our Watch List, and potentially may be added to a future Problem Project Report. Mr. Marion then provided the Committee with additional updates on the following borrowers:

  San Benito Health Care District (San Benito): Mr. Marion told the Committee that we are on hold currently as San Benito is in the process of entering into a transaction with a Midwest hospital system named Insight. Mr. Marion explained there are a number of issues with implications for our insured bond issue to be worked out. Because San Benito is a Health Care District the transaction must be voted on by the residents that live in the district. The transaction is on the November 5 ballot for the residents to vote weather or not to approve this transaction. There was a brief discussion where Mr. Marion answered the Committee's questions about this project.

  Hill Country Community Clinic (Hill Country): Mr. Marion detailed Hill Country's financial challenges. Since selling the Center of Hope clinic to Shasta Community Health Centers the sale of the clinic allowed Hill Country to recapitalize its balance sheet with some working capital. In July, Hill Country resumed payments plus catch up payments on their insured loan and should be fully caught up by November. Hill Country is focusing on their core business in Round Mountain, CA, but has leased a smaller location in Redding that will allow them to continue to care for their Redding clientele. Hill Country is also delinquent on their audited financial statements but have engaged an auditor to assist them with bringing them back into compliance.

St. Rose Hospital (St. Rose): Mr. Marion did not go into a detailed background of this project as he has done at previous Committee meetings. Mr. Marion updated the Committee on the status of St. Rose's transaction with Alameda Health System (AHS) and the various items needed to complete the transaction. AHS said they identified that they will need to put in approximately $80 million over the next five years for their turnaround plan initiatives and other things to reach break-even. AHS asked for a modification on the St. Rose insured loans to assist with cash flow relief for the first five years. Mr. Marion then went into extensive detail of what the loan modification could look like and said that a decision on the loan modification will be made soon. Mr. Marion said that at the last AHS board meeting the board did approve the purchase of St. Rose with conditions. Mr. Marion then gave the Committee a detailed description of the AHS board's conditions for the sale transaction of St. Rose to AHS to be completed.

At the conclusion of Mr. Marion's report on St. Rose Mr. Marion asked the Committee if they had any questions about his report. The Committee did not have any additional questions for Mr. Marion about St. Rose.

Verdugo Mental Health: This borrower is a resolved default and Cal-Mortgage is collecting payments; and noted we are receiving regular payments as outlined in their settlement agreement.

California-Nevada Methodist Homes: This borrower is a resolved default settlement and Cal-Mortgage is collecting payments; and noted we are receiving regular payments as expected in their settlement agreement.

Asian Community Health Care Centers (Asian Community): Mr. Marion said this borrower is not on our Problem Project Report but is on our internal Watch List. Mr. Marion gave the Committee a detailed background of Asian Community's financial situation and then said things are improving overall due to improved census for each of their independent living, memory care, assisted living, and skilled nursing units. It is hoped that with the higher census Asian Community will be able to build back their liquidity.

Los Angeles Jewish Home for the Aging (LA Jewish): Mr. Marion noted for the Committee, especially the long-standing members of the Committee that reviewed the loan application for LA Jewish's Fountainview at Gonda (Gonda), that LA Jewish is selling that facility. Gonda is being sold to Senior Resource Group. The transaction will close on September 17. The money from the sale will be used to retire the debt for that facility.

There was a brief discussion with Mr. Marion and the Committee about the sale of Gonda.

7. FUTURE AGENDA ITEMS/ANNOUNCEMENTS FROM COMMITTEE MEMBERS

Mr. Harris made brief comments about the sale of St. Rose.

8. GENERAL PUBLIC COMMENT

No public comments were made.

9. ADJOURN

Mr. Harris made a motion to adjourn the meeting, and the meeting was adjourned at 12:35 p.m.

The Minutes of the above meeting were approved during the meeting of the Committee held on April 10, 2025.

Jay Harris, ALIC Chair	Joanna Luce, Executive Secretary

Agenda Item 5 – Cal-Mortgage Loan Insurance Program

2022 Actuarial Study

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

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

OFFICE OF HEALTH FACILITY LOAN INSURANCE

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN INSURANCE PROGRAM

November 5, 2024

CONTENTS

1. EXECUTIVE SUMMARY

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

Specifically, the scope of services includes the following items:

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

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

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

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

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

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

The financial strength of the HFCLIF was evaluated by conducting a cash flow projection analysis, which estimates cash in-flows, out-flows, and year-end balances over the next 30 years. The projections under the Expected Scenario indicated a positive expected fund balance at least through Fiscal Year 2051/52 despite the aforementioned HFCLIF shortfall.

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

2. BACKGROUND

Program

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

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

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

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

Premiums and Fees

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

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

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

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

Financial Status of the Program

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

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

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

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

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

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

Oliver Wyman also relied on industry data as follows:

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

4. RESULTS AND METHODOLOGY

Section I – Reserve Sufficiency of HFCLIF

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

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

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

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

Requirements are individually discussed in the sections that follow.

Minimum Capital and Surplus Requirement

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

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

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

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

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

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

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

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

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

Contingency Reserves

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

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

Unearned Premium Reserves

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

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

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

Total Funds Required

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

Table 1

Cal-Mortgage Statutory Requirements

	2020 Study		2022 Study	
Item	**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)	21,246,019	21,246,019	28,882,132	28,882,132
Pipeline IBNR Reserve	N/A	16,434,632	N/A	-
Recoveries	(14,428,009)	(14,428,009)	(17,100,322)	(17,100,322)
Contingency Reserve	14,242,542	14,242,542	12,385,441	12,385,441
Unearned Premium Reserve	66,604,986	66,604,986	57,775,037	57,775,037
Total	**162,665,538**	**179,100,170**	**156,942,288**	**156,942,288**
HFCLIF Balance	163,825,305	163,825,305	145,943,846	145,943,846
Reserve Shortfall	**(1,159,767)**	**15,274,865**	**10,998,442**	**10,998,442**

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

Comparison to Prior Reserves

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

Table 2

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

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

Section II – Debt Service Coverage Ratios

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

- Debt Service Coverage Ratio
- Total Income Debt Service Ratio

These ratios are defined as follows:

Debt Service Coverage Ratio =

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

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 =

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

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

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

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

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

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

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

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

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

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

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

Ability to Cover Debt Service

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

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

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

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

Healthcare Industry Debt Service Coverage Ratio	
2022Q1	5.27
2022Q2	4.92
2022Q3	3.71
2022Q4	4.39
Average	**4.57**

Section III – Cash Flow Projections

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

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

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

Table 3

Cal-Mortgage Cash Flow Analysis Change in Assumptions

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

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

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

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

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

Table 4

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

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

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

Projected Default Rate

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

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

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

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

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

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

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

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

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

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

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

Claim Severity

In the event of a default on a mortgage bond obligation, Cal-Mortgage is required to pay timely interest and principal. That is, Cal-Mortgage is required to pay interest and amortized payments on the defaulted bonds as they come due. Depending on the circumstances, Cal-Mortgage may sell the facility to recover its losses and pay off the debt early.

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

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

Payment Pattern

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

Termination Rate

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

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

Premium Income

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

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

Premiums for insured loans issued subsequent to January 1, 2001 are charged as a one-time premium at the beginning of the loan term, based on a percentage of total debt service. Total debt service is calculated as the nominal sum of expected interest payments to fully service the loan plus the original principal amount. The volume of new insured loans by issue year (Section III, Exhibit 1, Page 1) is based on information and estimates provided by Cal-Mortgage.

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

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

Certification and Inspection Fee Income

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

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

Administrative Expenses

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

Investment Income

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

Section IV – Risk to State's General Fund

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

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

Table 5

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

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

Table 6

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

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

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

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

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

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

Ultimate Default Rate

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

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

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

Claim Severity

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

New Insured Loans

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

Termination Rate

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

Investment Yield

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

Catastrophic Loss

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

5. DISTRIBUTION AND USE

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

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

6. CONSIDERATIONS AND LIMITATIONS

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

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

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

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

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

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

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

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

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

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

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

Rounding and Accuracy – Our models may retain more digits than those displayed. Also, the results of certain calculations may be presented in the exhibits with more or fewer digits than would be considered significant. As a result, there may be rounding differences between the results of calculations presented in the exhibits and replications of those calculations based on displayed underlying amounts. Also, calculation results may not have been adjusted to reflect the precision of the calculation.

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

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

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

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

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

7. ACKNOWLEDGEMENT OF QUALIFICATIONS

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

Oliver Wyman Actuarial Consulting, Inc.:

Jason Abril

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APPENDIX A. LEGEND

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes:
(1) - (7) Provided by Cal-Mortgage
(8) - (9) From Section I, Exhibit 5
** Total Payment from HFCLIF is net; includes payouts and recoveries*
*** Recovery or future income includes principal and interest income*

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

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

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

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

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

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

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

Notes:
(1) Provided by Cal-Mortgage
(2) According to California Statutory Insurance Code Section 12108
(3) = (1) x (2)
** Contingency reserves are 0.8% of principal outstanding on a fully funded basis according to California Insurance Code 12108*

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

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

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

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

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

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

Unearned Premium Reserves Calculation - One-time Nonrefundable Premium*
Based on Data as of June 30, 2022

(1) Project Number	(2) Borrower Name	(3) Project Name	(4) Facility Group	(5) Date Loan Insured	(6) Original Insured Amount	(7) Current Principal Balance	(8) Total Premium	(9) Unearned Premium
0911	Los Angeles Jewish Home for the Aging	LOS ANGELES JEWISH HOME FOR THE AGING - L O C	MULTI	20-Jan-2009	4,750,000	3,647,627	57,000	0
0932	St. Rose Hospital	ST. ROSE HOSPITAL - L O C	HOSP	28-May-2009	10,000,000	-	42,175	0
0963	Community Program for Persons with Developmental Disabilities	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	OTHER	17-Feb-2011	76,970,000	27,695,000	2,319,304	834,522
0971	TLC Child & Family Services	TLC CHILD & FAMILY SERVICES	OTHER	06-Oct-2011	2,475,000	620,000	94,978	23,792
0974	Gateways Hospital & Mental Health Center	GATEWAYS HOSPITAL & MENTAL HEALTH CENTER	HOSP	01-Dec-2011	8,085,000	5,800,000	428,068	307,087
0990	Beacon House	BEACON HOUSE ASSOCIATION, THE	OTHER	20-Oct-2011	1,505,000	295,000	55,900	10,957
903A	Enloe Medical Center	ENLOE MEDICAL CENTER	HOSP	20-Aug-2008	68,915,000	11,340,000	1,935,403	318,472
1012	Institute on Aging	INSTITUTE ON AGING - L O C	MULTI	24-Mar-2014	4,000,000	2,300,000	6,750	0
0984	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP	26-Sep-2012	17,805,000	1,535,000	414,659	35,748
1001	Montecedro	MONTECEDRO	MULTI	26-Nov-2013	140,305,000	41,935,000	5,513,337	1,647,851
0996	Northern California Retired Officer Community	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	MULTI	04-Apr-2013	32,315,000	11,845,000	806,505	295,623
0987	O'Connor Woods Housing Corporation	O'CONNOR WOODS	MULTI	12-Jun-2013	49,115,000	41,135,000	1,799,465	1,507,096
0982	Odd Fellows Home of California	ODD FELLOWS HOME OF CALIFORNIA	MULTI	25-Oct-2012	98,550,000	68,655,000	3,638,187	2,534,548
1003	Poway R H F Housing, Inc.	POWAY R H F HOUSING, INC. - THE GATEWAY	MULTI	07-Nov-2013	13,345,000	9,955,000	675,468	503,880
1011	St. John's Well Child and Family Center	ST JOHN'S WELL CHILD AND FAMILY CENTER - L O C	CLINIC	14-Jan-2014	2,000,000	-	1,792,000	0
1018	California Nevada Methodist Homes	FOREST HILL MANOR (CA NEV METHODIST HOMES)	MULTI	20-Oct-2015	32,920,000	28,930,000	1,368,150	1,202,326
1021	Enloe Medical Center	ENLOE MEDICAL CENTER	HOSP	19-Nov-2015	173,730,000	170,740,000	3,346,810	3,289,209
1016	Lincoln Glen Manor for Senior Citizens	LINCOLN GLEN MANOR	MULTI	11-Feb-2015	11,965,000	11,010,000	402,951	370,789
1017	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP	09-Apr-2015	26,895,000	23,480,000	791,050	690,606
1014	Sequoia Living, Inc.	NORTHERN CALIFORNIA PRESBYTERIAN HOMES	MULTI	15-Apr-2015	63,210,000	55,735,000	2,122,766	1,871,734
1027	Sierra View Homes Inc.	SIERRA VIEW HOMES INC.	MULTI	09-Jun-2016	12,310,000	10,410,000	342,440	289,586
1006	Solvang Lutheran Home, Inc.	SOLVANG LUTHERAN HOME, INC.	MULTI	17-Jul-2014	3,470,000	2,940,000	151,941	128,734
1025	St. Rose Hospital	ST. ROSE HOSPITAL	HOSP	25-May-2016	38,000,000	24,007,508	1,014,952	641,223
1035	Asian Community Center of Sacramento Valley	ASIAN COMMUNITY SKILLED NURSING FACILITY	MULTI	22-Nov-2016	16,080,000	13,220,000	443,678	364,765
1032	Atherton Baptist Homes	ATHERTON BAPTIST HOMES	MULTI	04-Nov-2016	31,390,000	26,855,000	1,302,380	1,114,222
1041	Channing House	CHANNING HOUSE	MULTI	18-Apr-2017	54,045,000	50,495,000	1,732,948	1,619,118
1044	Channing House	CHANNING HOUSE	MULTI	25-Oct-2017	44,120,000	44,120,000	2,735,573	2,735,573
1034	Hill Country Community Clinic	HILL COUNTRY COMMUNITY CLINIC	CLINIC	03-Nov-2016	4,055,000	3,395,000	127,486	106,736
1043	Institute on Aging	INSTITUTE ON AGING	MULTI	31-May-2017	34,355,000	32,560,000	1,276,937	1,210,219
1022	Jewish Home of San Francisco	JEWISH HOME OF SAN FRANCISCO	SNF	29-Nov-2016	135,920,000	90,520,000	6,667,494	4,440,418
1030	Mendocino Coast Health Care District Corp.	MENDOCINO COAST HOSPITAL	HOSP	29-Jul-2016	5,745,000	3,295,000	170,817	97,971
1029	Mountain Shadows Support Group	MOUNTAIN SHADOWS SUPPORT GROUP	OTHER	27-Oct-2016	13,240,000	8,065,000	524,444	319,459
1037	Northern California Retired Officer Community	PARADISE VALLEY ESTATES	MULTI	30-Nov-2016	22,080,000	19,560,000	618,237	547,677
1045	Options Family of Services	Options Family of Services	OTHER	12-Oct-2017	2,140,000	1,595,000	61,203	45,616
1033	Petaluma Health Center	PETALUMA HEALTH CENTER	CLINIC	13-Sep-2016	5,775,000	4,845,000	153,716	128,962
1038	Pilgrim Place in Claremont, Inc.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI	30-Nov-2016	36,055,000	31,985,000	1,345,360	1,193,492
1028	Santa Rosa Community Health Centers	SANTA ROSA COMMUNITY HEALTH CENTERS	CLINIC	12-Jul-2016	11,105,000	8,445,000	174,301	132,550
1040	St. John's Well Child and Family Center	St. John's Well Child and Family Center	CLINIC	12-Jul-2017	5,250,000	4,650,000	174,251	154,337
1047	Viamonte Senior Living	Viamonte Senior Living	MULTI	24-May-2018	187,230,000	132,230,000	7,174,964	5,067,273
1052	Asian Community Center of Sacramento Valley	Asian Community Center of Sacramento Valley	MULTI	26-Jul-2018	26,915,000	26,365,000	1,302,272	1,275,660
1068	Inland Christian Home, Inc.	Inland Christian Home, Inc.	MULTI	27-Apr-2020	18,425,000	18,075,000	877,269	860,604
1056	Lincoln Glen Manor for Senior Citizens	Lincoln Glen Manor for Senior Citizens	MULTI	08-Nov-2018	6,105,000	5,935,000	295,720	287,485
1067	Lompoc District Hospital	Lompoc District Hospital	HOSP	19-Feb-2020	16,885,000	16,200,000	461,103	442,397
1064	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI	26-Sep-2019	49,730,000	44,310,000	1,511,051	1,346,364
1051	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI	08-Aug-2019	13,785,000	12,565,000	450,589	410,711
1071	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP	27-Apr-2020	68,875,000	68,815,000	3,079,456	3,076,773
1054	North Kern South Tulare Hospital District	North Kern South Tulare Hospital District	SNF	20-Feb-2019	4,300,000	3,730,000	62,367	54,100
1059	Northern California Retired Officer Community	Northern California Retired Officer Community	MULTI	07-Mar-2019	95,685,000	81,865,000	4,471,043	3,825,280
1058	The California Home for the Aged, Inc.	The California Home for the Aged, Inc.	MULTI	20-Nov-2018	24,660,000	23,565,000	1,346,305	1,286,524
1063	Town and Country Manor Christian & Missionary Alliance	Town and Country Manor Christian & Missionary Alliance	MULTI	13-Jun-2019	34,385,000	33,825,000	1,811,590	1,782,086
1081	Jewish Home of San Francisco	JEWISH HOME OF SAN FRANCISCO	SNF	17-Nov-2021	28,030,000	28,030,000	1,522,907	1,522,907
1075	La Maestra Family Clinic, Inc.	La Maestra Family Clinic, Inc.	CLINIC	19-Nov-2020	13,590,000	12,995,000	372,766	356,445
1077	La Maestra Family Clinic, Inc.	La Maestra Family Clinic, Inc.	CLINIC	05-Aug-2021	12,295,000	12,295,000	726,877	726,877
1085	La Maestra Family Clinic, Inc.	La Maestra Family Clinic, Inc.- L O C	CLINIC	30-Jun-2022	3,500,000	-	8,925	0
1074	Los Angeles Jewish Home for the Aging	Los Angeles Jewish Home for the Aging	MULTI	15-Oct-2020	37,275,000	36,390,000	1,188,598	1,160,378
1066	Open Door Community Health Centers	Open Door Community Health Centers	CLINIC	08-Sep-2021	30,580,000	30,580,000	1,400,319	1,400,319
1076	San Benito Health Care District	San Benito Health Care District	HOSP	11-Feb-2021	12,570,000	11,230,000	291,883	260,767
1082	The Redwoods, A Community of Seniors	The Redwoods, A Community of Seniors	MULTI	17-Feb-2022	23,550,000	23,550,000	645,706	645,706
1079	Valley Health Team, Inc.	Valley Health Team, Inc.	CLINIC	13-Oct-2021	15,365,000	15,365,000	692,909	692,909
1073	Vocational Visions	Vocational Visions	OTHER	19-Nov-2020	3,200,000	3,085,000	98,342	94,808
1070	West County Health Centers	West County Health Centers	CLINIC	14-Oct-2020	9,145,000	9,145,000	482,520	482,520
			TOTALS		**2,050,070,000**	**1,547,760,135**	**76,904,565**	**57,773,792**

Notes:
(1) - (8) Provided by Cal-Mortgage
(9) = (7) / (6) x (8), capped by total premium
** Under California Health Facility Construction Loan Insurance Law Section 129040, one-time premiums are nonrefundable*

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

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

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

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

Summary of Debt Service Coverage Ratios

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

Summary of Income Debt Service Ratios

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

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

Summary of Debt Service Coverage Ratios over Last Seven Fiscal Years

Debt Service Coverage Ratios

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

Income Debt Service Ratios

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

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

Summary of Debt Service Ratios

Debt Service Coverage Ratios

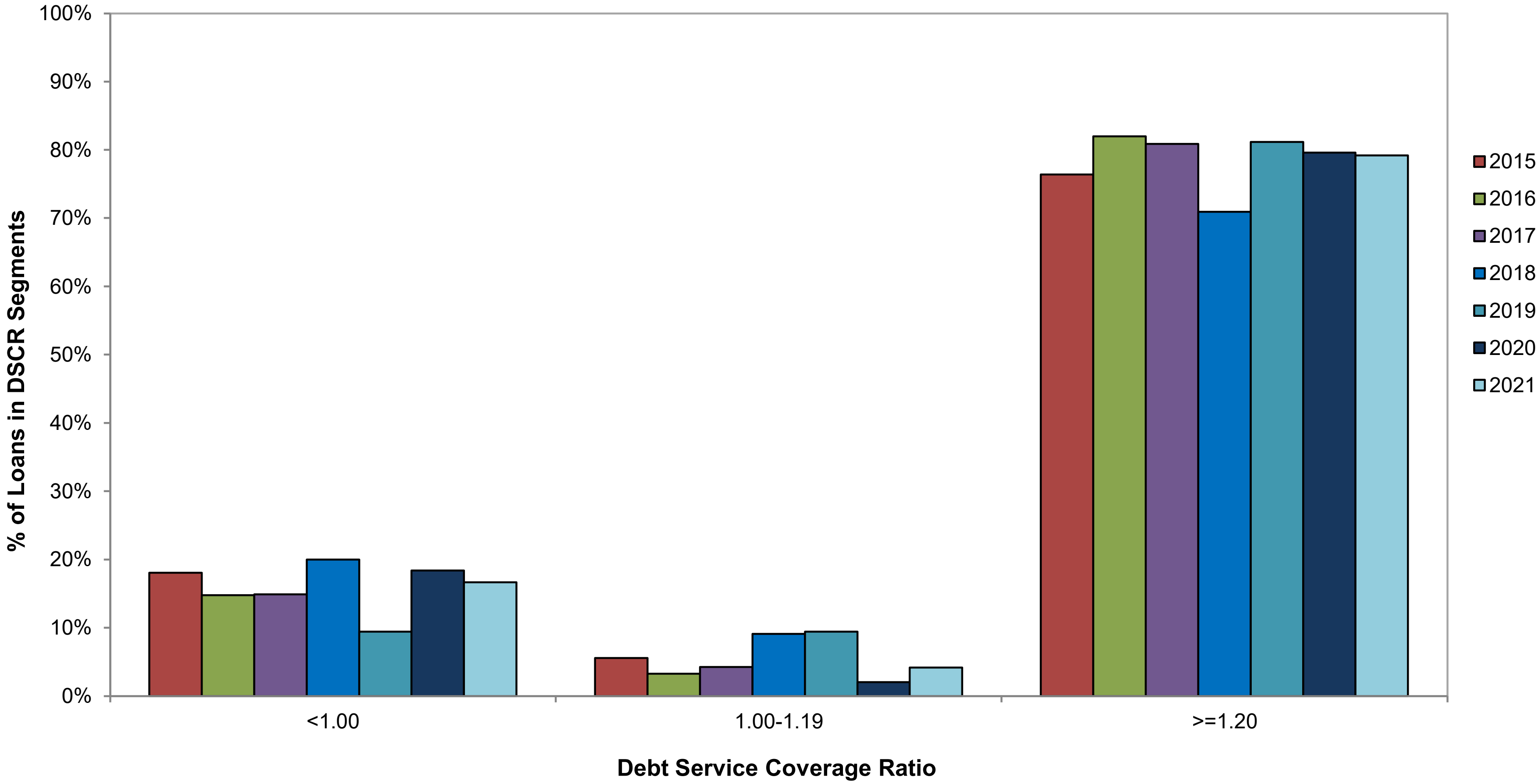
Year	**Total**			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2015	18%	6%	76%	18%	0%	82%	25%	5%	70%	5%	0%	95%	0%	0%	100%	26%	16%	58%
2016	15%	3%	82%	25%	0%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

Income Debt Service Ratios

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

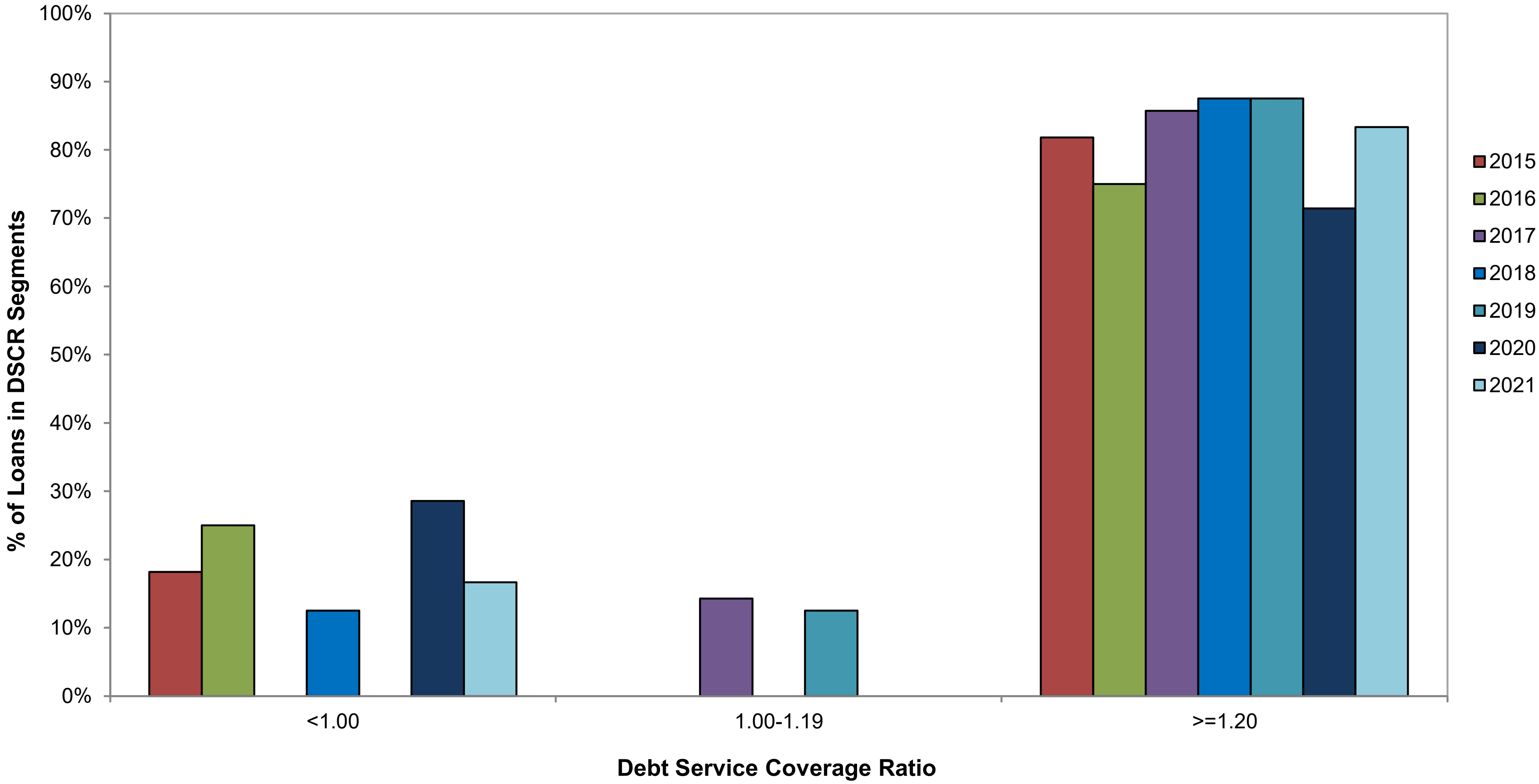
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans

TOTAL



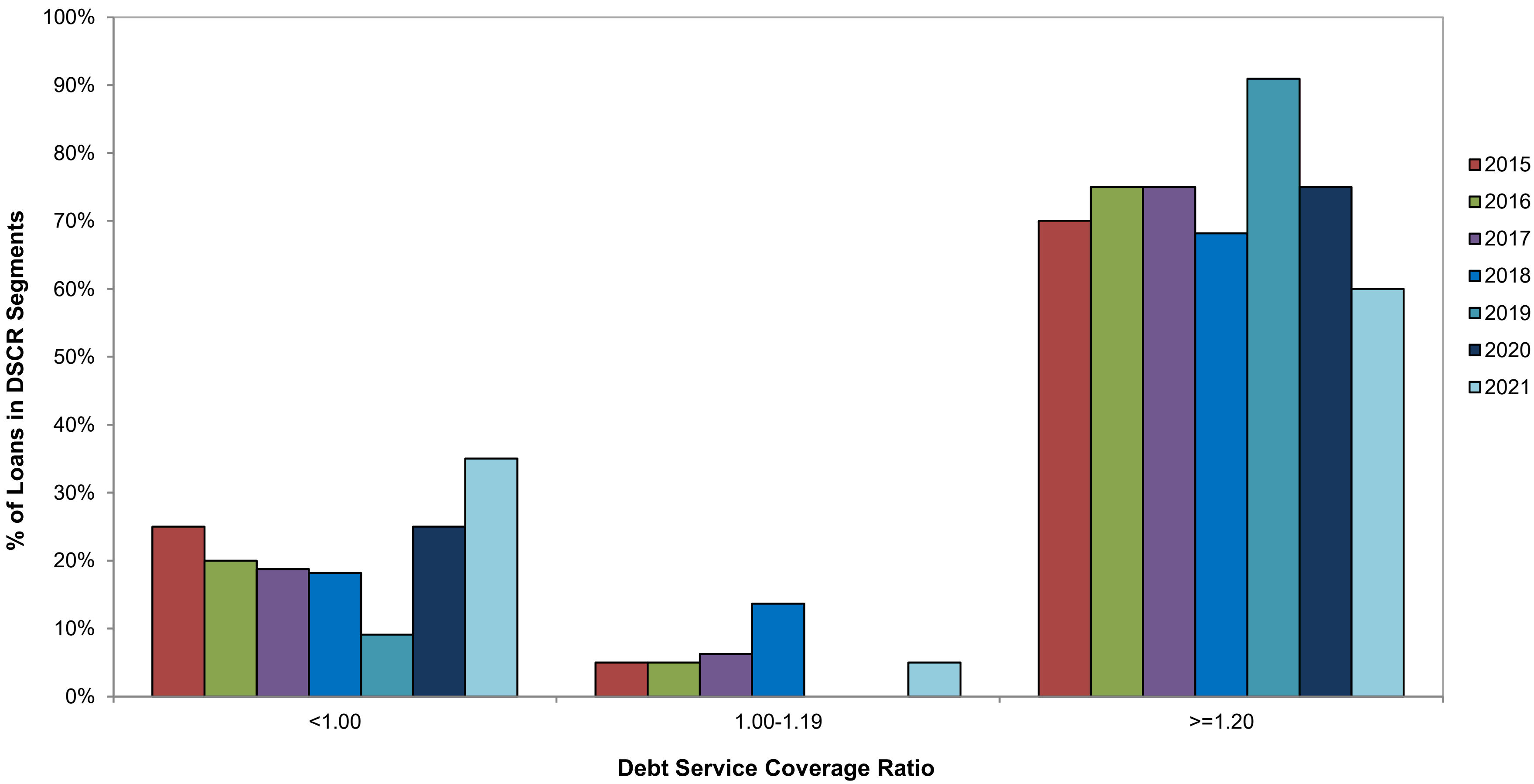
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans

HOSPITALS



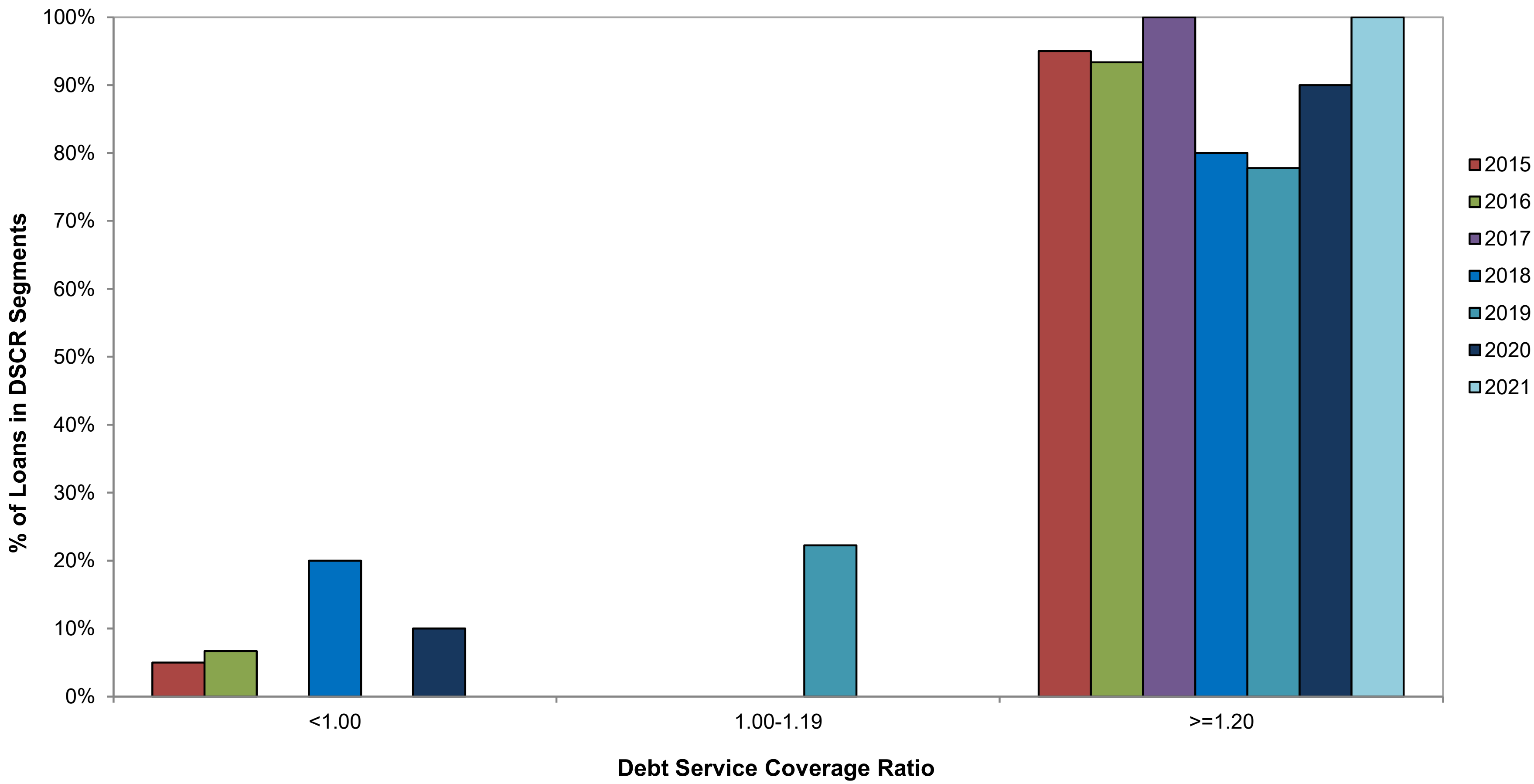
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans

MULTI-LEVELS



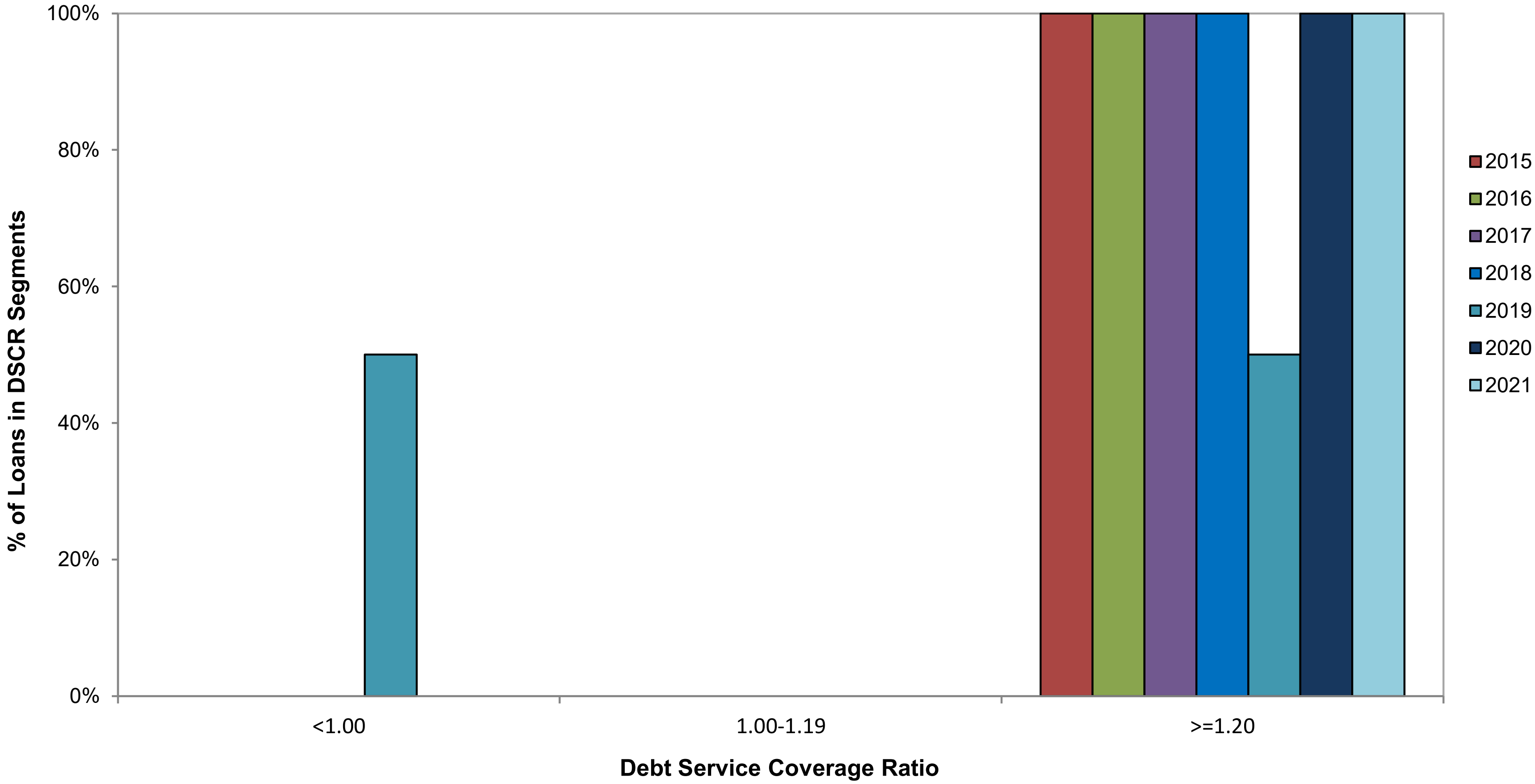
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans

CLINICS



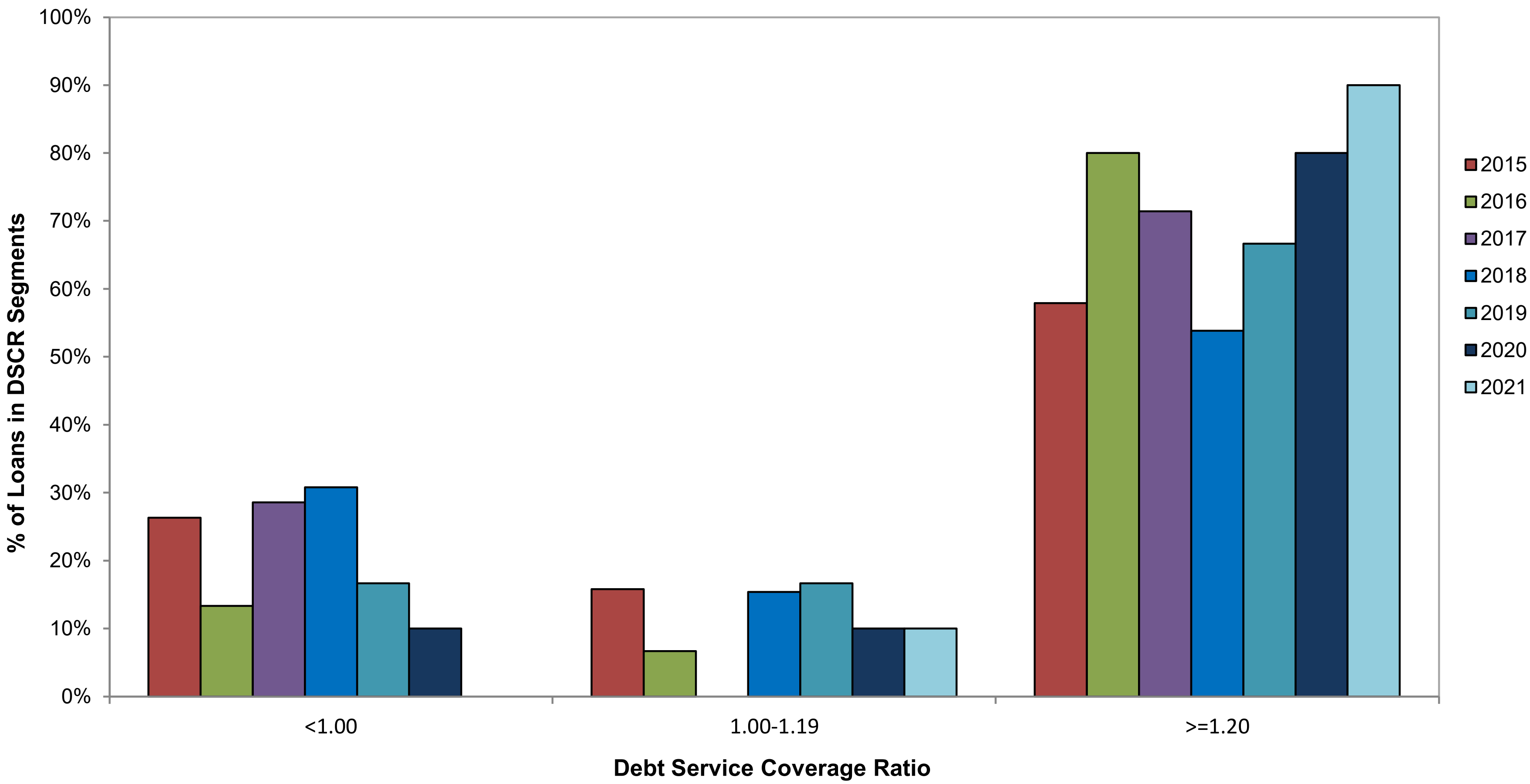
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans

SKILLED NURSING FACILITIES (SNF)



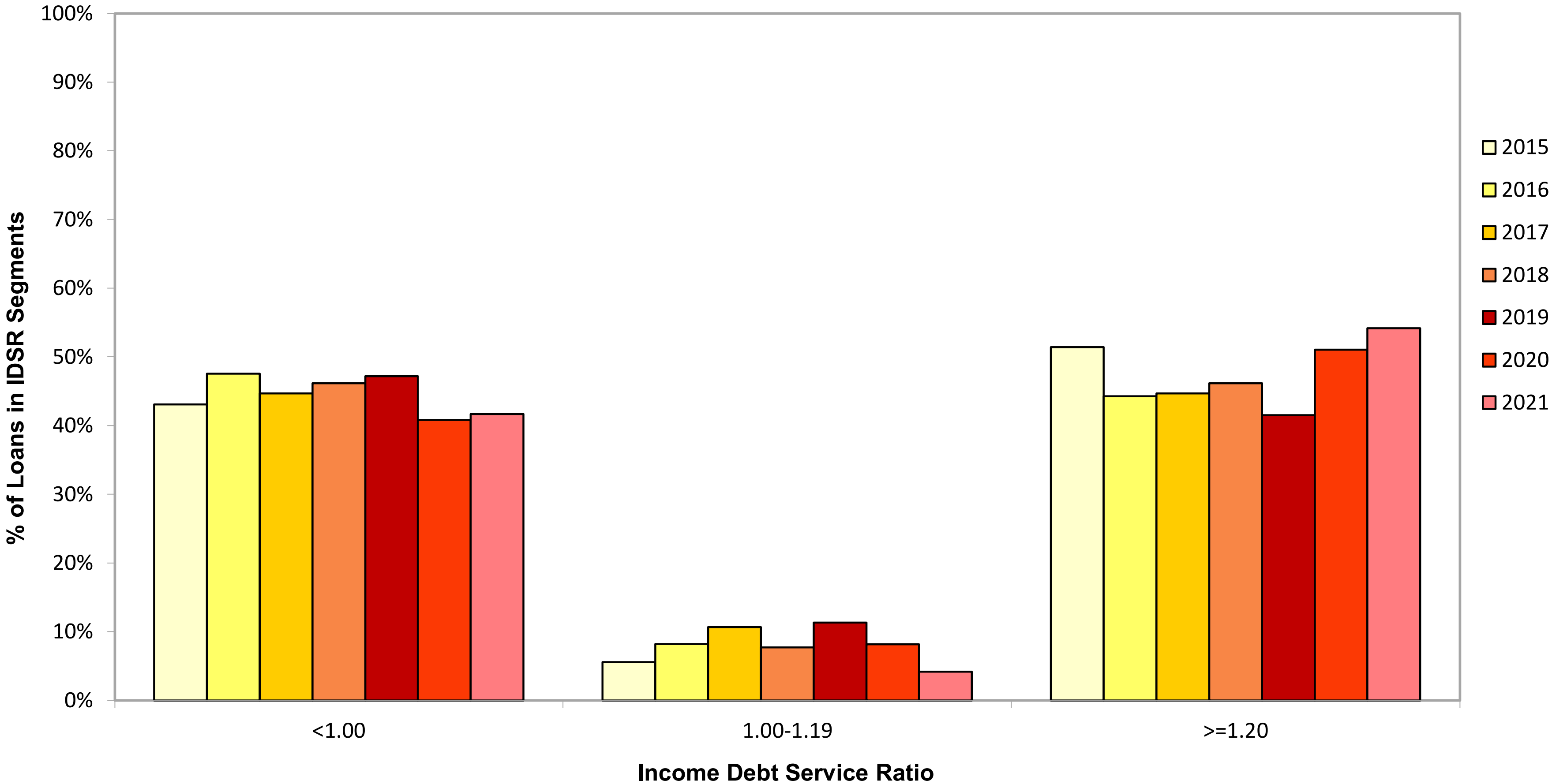
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans

OTHER



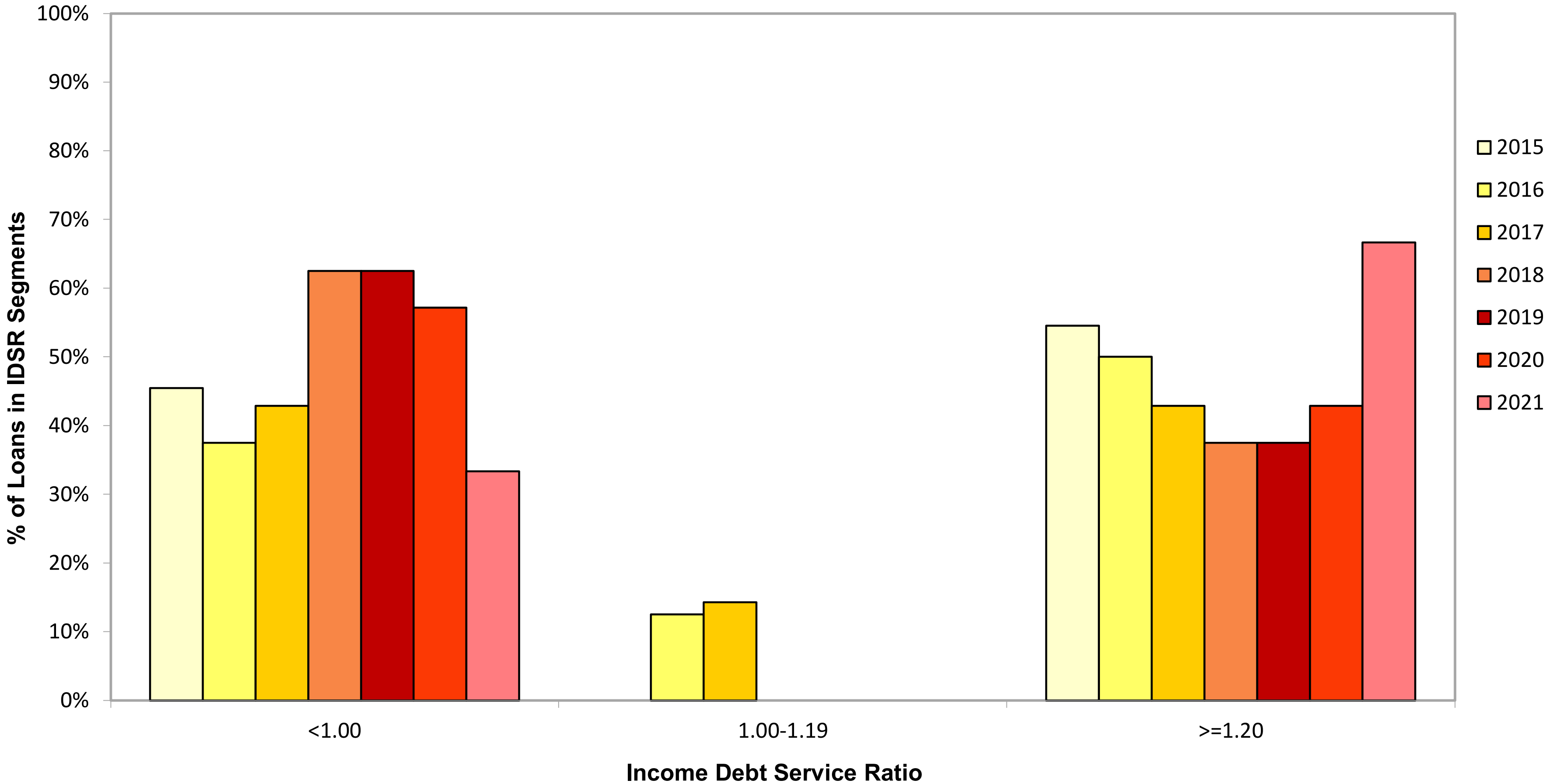
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans

TOTAL



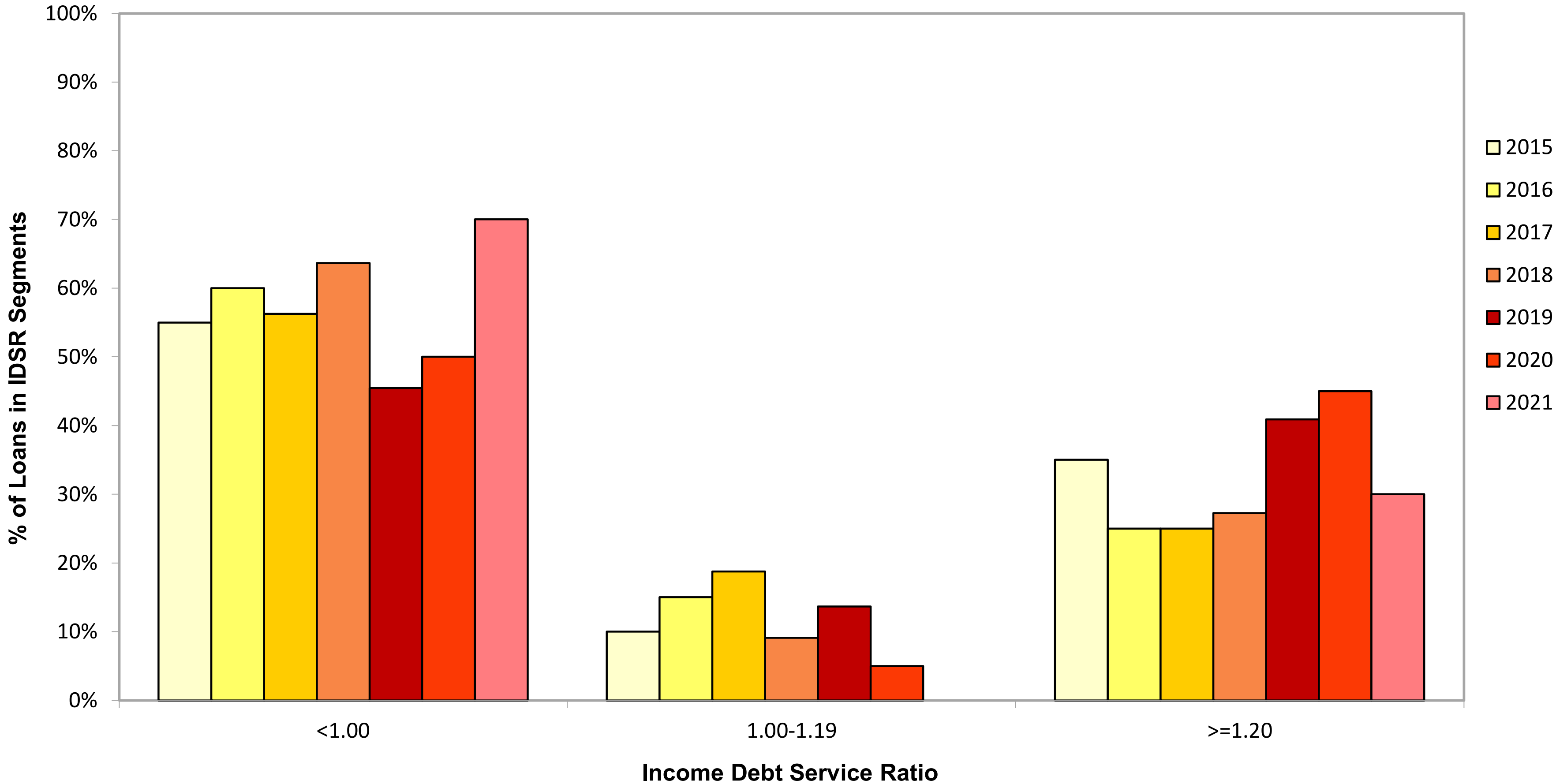
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans

HOSPITALS



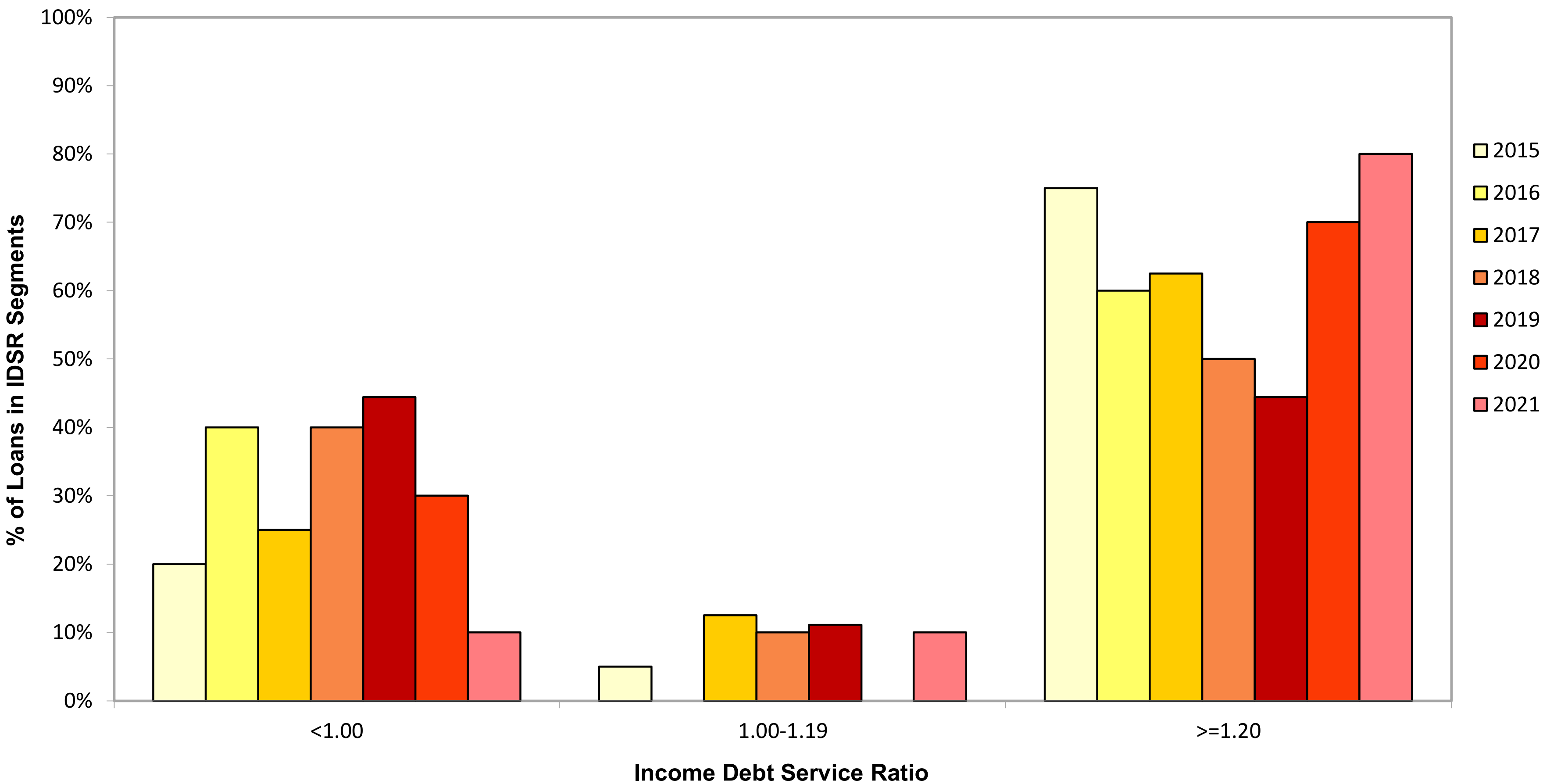
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans

MULTI-LEVELS



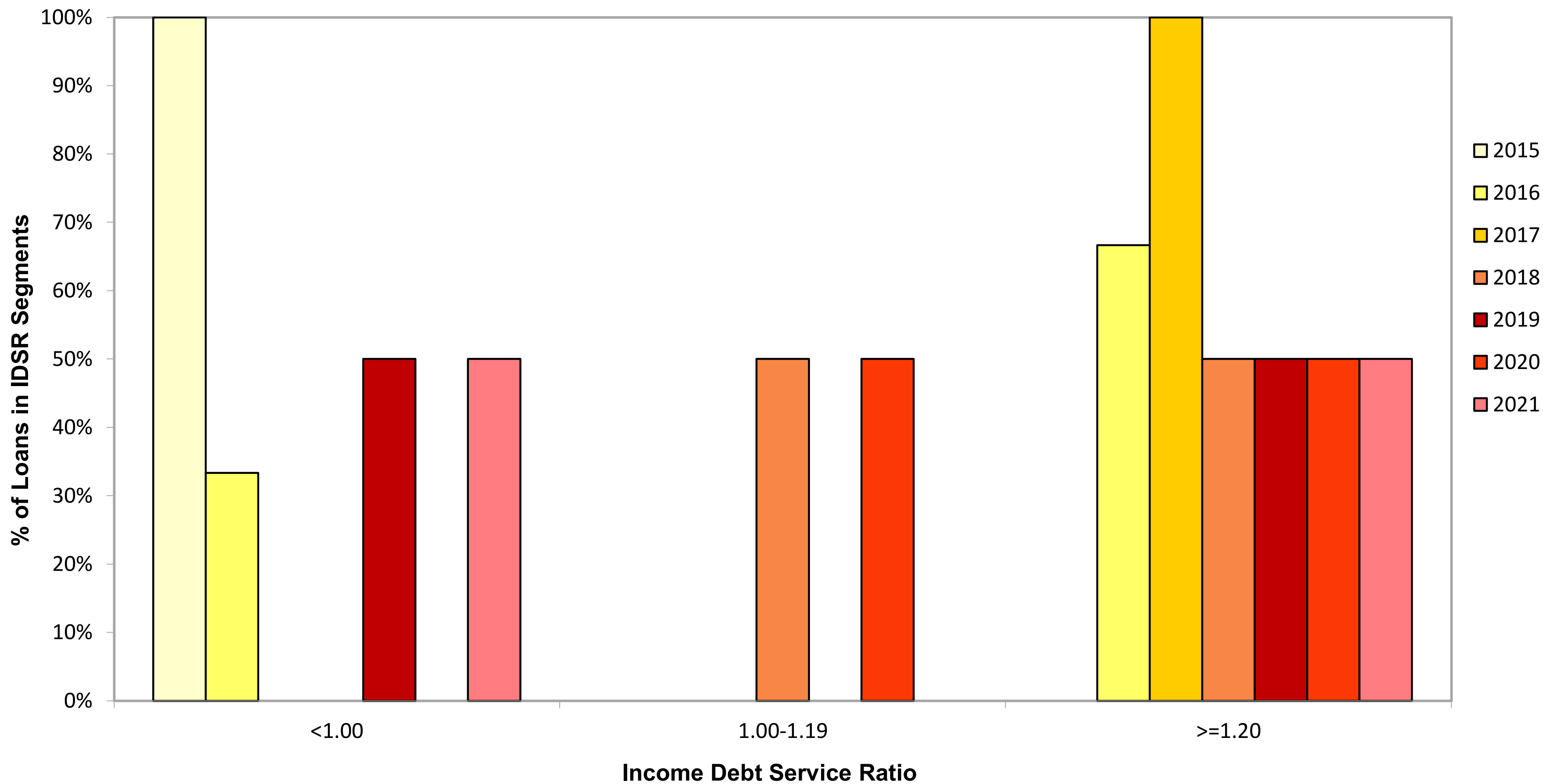
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans

CLINICS



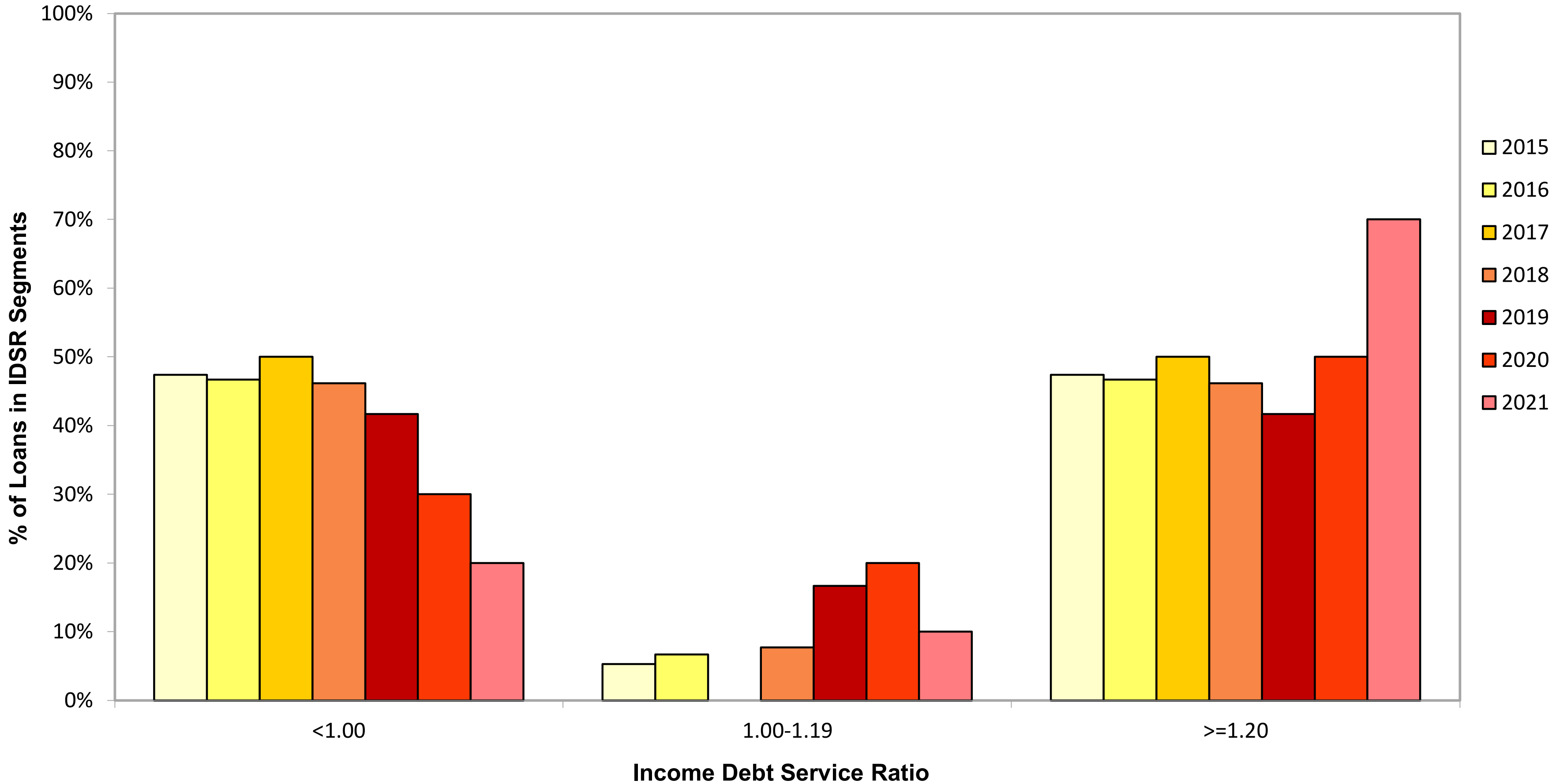
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans

SKILLED NURSING FACILITIES (SNF)



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

OTHER



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

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

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

Notes:
(1) Based on active loan information from Cal-Mortgage
(2) From Section III, Appendix, Page 9 (based on a 6.9% default rate)
(3) Selected
(4) = [(1) - (2)] x [1 - (3)]
(5) Average of [Current and Prior Column(4)] x 0.5%
(6) Provided by Cal-Mortgage
(7) From Section III, Exhibit 6
(8) = (6) x (7)
(9) Issued amount x (1 - % refinanced) x 0.4%
(10) From Section I, Exhibit 5
(11) From Section I, Exhibit 3
(12) From Section III, Appendix, Page 2
(13) Administrative expenses increase @ 3.40% per year
(14) Selected investment yield
(15) = [0.5 x [(5) + (8) + (9) + (10) - (11) - (12) - (13)] + prior cash balance] x (14)
(16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15)
(17) = (16) + (17) prior

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

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

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

Notes:
(1) Based on active loan information from Cal-Mortgage
(2) From Section III, Appendix, Page 9 (based on a 6.9% default rate)
(3) Selected
(4) = [(1) - (2)] x [1 - (3)]
(5) Average of [current and prior column(4)] x 0.5%
(6) From Section I, Exhibit 5
(7) From Section I, Exhibit 3
(8) From Section III, Appendix, Page 4
(9) Administration expense increase @ 0.0% per year
(10) Selected investment yield
(11) = [0.5 x [(5) + (6) - (7) - (8) - (9)] + prior cash balance] x (10)
(12) = (5) + (6) - (7) - (8) - (9) + (11)
(13) = (12) + (13) prior

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

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

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	Income for Annual Premium Loans					Income from Up-Front Premium Loans											
Year	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	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
7/1/2021-6/30/2022				420,000	1,947	113,320,000		4,988,718	342,300								145,943,846
7/1/2022-6/30/2023	0	0	7.5%	0	1,050	155,000,000	4.34%	6,729,670	591,020	3,059,542	29,653,250	2,811,163	4,716,000	5.4%	7,172,029	(19,627,101)	126,316,745
7/1/2023-6/30/2024	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	5,444,791	4,876,344	4.8%	6,063,423	4,314,216	130,630,960
7/1/2024-6/30/2025	0	0	7.5%	0	0	155,000,000	4.34%	6,729,670	591,020	1,251,238	0	8,808,219	5,042,140	4.5%	5,771,995	493,564	131,124,525
7/1/2025-6/30/2026	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	9,859,536	5,213,572	4.4%	5,626,044	(166,683)	130,957,842
7/1/2026-6/30/2027	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,736,909	5,390,834	4.1%	5,281,143	(1,566,218)	129,391,624
7/1/2027-6/30/2028	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,698,484	5,574,122	4.5%	5,657,401	(1,334,823)	128,056,802
7/1/2028-6/30/2029	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,470,475	5,763,642	4.5%	5,556,310	(1,397,426)	126,659,376
7/1/2029-6/30/2030	0	0	7.5%	0	0	170,000,000	4.34%	7,380,929	648,215	1,251,238	0	10,198,060	5,959,606	4.3%	5,330,060	(1,547,224)	125,112,152
7/1/2030-6/30/2031	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	9,988,392	6,162,233	4.3%	5,204,858	(862,471)	124,249,681
7/1/2031-6/30/2032	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	1,251,238	0	9,741,721	6,371,749	4.2%	5,092,223	(937,950)	123,311,730
7/1/2032-6/30/2033	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	6,367,365	0	9,590,677	6,588,388	4.8%	5,902,123	4,922,481	128,234,212
7/1/2033-6/30/2034	0	0	7.5%	0	0	187,000,000	4.34%	8,119,022	713,037	252,962	0	9,509,668	6,812,393	4.9%	6,071,232	(1,165,808)	127,068,403
7/1/2034-6/30/2035	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	9,498,473	7,044,015	4.9%	6,115,770	(444,322)	126,624,081
7/1/2035-6/30/2036	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	9,511,588	7,283,511	5.0%	6,174,698	(638,006)	125,986,075
7/1/2036-6/30/2037	0	0	7.5%	0	0	206,000,000	4.34%	8,943,949	785,484	252,962	0	9,583,877	7,531,151	5.1%	6,224,120	(908,512)	125,077,563
7/1/2037-6/30/2038	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	9,704,968	7,787,210	5.2%	6,284,377	(280,799)	124,796,763
7/1/2038-6/30/2039	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	9,868,185	8,051,975	5.2%	6,353,801	(639,359)	124,157,405
7/1/2039-6/30/2040	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,075,558	8,325,742	5.3%	6,405,528	(1,068,772)	123,088,633
7/1/2040-6/30/2041	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,315,570	8,608,817	5.4%	6,435,315	(1,562,072)	121,526,561
7/1/2041-6/30/2042	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,580,014	8,901,517	5.5%	6,438,927	(2,115,603)	119,410,957
7/1/2042-6/30/2043	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	10,840,398	9,204,169	4.2%	4,804,295	(4,313,271)	115,097,686
7/1/2043-6/30/2044	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	252,962	0	11,083,388	9,517,110	4.1%	4,552,825	(5,120,673)	109,977,013
7/1/2044-6/30/2045	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,301,029	9,840,692	4.1%	4,267,506	(6,200,177)	103,776,837
7/1/2045-6/30/2046	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,487,883	10,175,276	4.0%	3,949,375	(7,039,745)	96,737,092
7/1/2046-6/30/2047	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,642,094	10,521,235	4.0%	3,604,738	(7,884,552)	88,852,539
7/1/2047-6/30/2048	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,767,834	10,878,957	3.9%	3,234,943	(8,737,809)	80,114,730
7/1/2048-6/30/2049	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,870,899	11,248,842	3.8%	2,841,241	(9,604,462)	70,510,268
7/1/2049-6/30/2050	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	11,952,506	11,631,302	3.8%	2,424,851	(10,484,919)	60,025,349
7/1/2050-6/30/2051	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	12,016,652	12,026,767	3.7%	1,986,998	(11,382,382)	48,642,967
7/1/2051-6/30/2052	0	0	7.5%	0	0	226,000,000	4.34%	9,812,294	861,745	0	0	12,064,495	12,435,677	3.7%	1,528,913	(12,297,219)	36,345,748

Notes:
(1) Based on active loan information from Cal-Mortgage
(2) From Section III, Appendix, Page 9 (based on a 6.9% default rate
(3) Selected
(4) = [(1) - (2)] x [1 - (3)]
(5) Average of [Current and Prior Column(4)] x 0.5%
(6) Provided by Cal-Mortgage
(7) From Section III, Exhibit 6
(8) = (6) x (7)
(9) Issued Amount x (1 - % Refinanced) x 0.4%
(10) From Section I, Exhibit 5
(11) From Section I, Exhibit 3
(12) From Section III, Appendix, Page 6
(13) Administration expense increase @ 3.4% per year
(14) Selected Investment Yield
(15) = [0.5 x [(5) + (8) + (9) + (10) - (11) - (12) - (13)] + prior cash balance] x (14
(16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15
(17) = (16) + (17) prior

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

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

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

Notes:
(1) *Based on active loan information from Cal-Mortgage*
(2) *From Section III, Appendix, Page 9 (based on a 6.9% default rate*
(3) *Selected*
(4) *= [(1) - (2)] x [1 - (3)]*
(5) *Average of [Current and Prior Column(4)] x 0.5%*
(6) *Provided by Cal-Mortgage*
(7) *From Section III, Exhibit 6*
(8) *= (6) x (7)*
(9) *Issued Amount x (1 - % Refinanced) x 0.4%*
(10) *From Section I, Exhibit 5*
(11) *From Section I, Exhibit 3*
(12) *From Section III, Appendix, Page 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*

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

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

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

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

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

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	0.94%	0.94%	0.94%	0.94%
1999	21,678,800	0.45%	0.45%	0.45%	0.45%
2000	14,147,100	0.05%	0.05%	0.05%	0.05%
2001	20,232,300	0.05%	0.05%	0.05%	0.05%
2002	21,982,400	0.44%	0.44%	0.44%	0.44%
2003	25,228,700	2.36%	2.36%	2.36%	2.36%
2004	25,692,900	0.13%	0.13%	0.13%	0.13%
2005	34,117,000	0.42%	0.42%	0.43%	0.43%
2006	32,708,000	0.15%	0.15%	0.17%	0.16%
2007	40,993,900	2.58%	2.66%	2.61%	2.64%
2008	58,165,000	0.82%	0.86%	0.87%	0.86%
2009	43,923,200	0.02%	0.02%	0.09%	0.05%
2010	28,106,300	0.21%	0.23%	0.31%	0.27%
2011	22,644,500	0.17%	0.19%	0.30%	0.25%
2012	27,202,400	0.45%	0.55%	0.64%	0.59%
2013	18,424,500	0.00%	0.00%	0.24%	0.24%
2014	16,235,800	0.00%	0.00%	0.30%	0.30%
2015	23,098,300	0.11%	0.17%	0.50%	0.50%
2016	37,247,500	0.00%	0.00%	0.51%	0.51%
2017	34,727,700	0.00%	0.00%	0.63%	0.63%
2018	22,826,400	1.76%	6.41%	2.53%	2.53%
2019	29,126,600	0.00%	0.00%	0.91%	0.91%
2020	25,589,200	0.01%	0.29%	1.02%	1.02%
2021	22,836,300	0.00%	0.00%	1.04%	1.05%

	Weighted Average 1981-2019	*0.95%*
	Weighted Average 1981-1987	*1.31%*
	Weighted Average 1988-2008	*1.12%*
	Weighted Average 2009-2019	*0.58%*
	Arithmetic Average 1981-2019	*1.03%*
	Arithmetic Average 1981-1987	*1.47%*
	Arithmetic Average 1988-2008	*1.09%*
	Arithmetic Average 2009-2019	*0.62%*
	Prior Selection	*0.94%*
(6)	***Selected Long-Term Default Rate***	***0.95%***

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

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

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

Weighted Average 1981-2019	*0.95%*
Weighted Average 1981-1987	*1.31%*
Weighted Average 1988-2008	*1.12%*
Weighted Average 2009-2019	*0.58%*
Arithmetic Average 1981-2019	*1.05%*
Arithmetic Average 1981-1987	*1.47%*
Arithmetic Average 1988-2008	*1.09%*
Arithmetic Average 2009-2019	*0.69%*
Prior Selected	*1.05%*
(6) ***Selected Initial Default Rate***	***1.05%***

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*

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

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

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

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

	(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	9.65%	9.65%	9.65%	9.65%
1999	4,981,900	8.39%	8.39%	8.39%	8.39%
2000	2,876,400	5.74%	5.74%	5.74%	5.74%
2001	2,919,300	6.06%	6.06%	6.06%	6.06%
2002	3,787,200	3.72%	3.72%	3.72%	3.72%
2003	3,228,400	3.27%	3.27%	3.27%	3.27%
2004	3,222,300	6.48%	6.51%	6.52%	6.51%
2005	4,276,300	1.38%	1.40%	1.45%	1.42%
2006	6,010,800	3.05%	3.11%	3.19%	3.15%
2007	7,837,300	8.18%	8.43%	8.38%	8.40%
2008	2,498,700	7.52%	7.87%	7.83%	7.85%
2009	1,953,000	13.95%	14.92%	15.25%	15.09%
2010	2,729,100	14.16%	15.53%	15.92%	15.73%
2011	1,217,200	17.91%	20.62%	20.54%	20.58%
2012	3,680,200	15.49%	18.90%	19.10%	19.00%
2013	2,804,900	6.04%	7.82%	10.58%	10.58%
2014	2,718,000	24.52%	34.25%	30.20%	30.20%
2015	3,797,800	6.14%	9.86%	13.69%	13.69%
2016	5,690,600	11.10%	21.41%	20.73%	20.73%
2017	6,196,000	17.63%	44.18%	29.65%	29.65%
2018	4,678,200	16.92%	61.51%	31.42%	31.42%
2019	5,276,700	0.68%	5.06%	17.99%	17.99%
2020	3,844,000	2.92%	71.81%	22.11%	22.11%
2021	6,403,200		0.00%	19.83%	20.00%

Weighted Average 1981-2019	*13.31%*
Weighted Average 1981-1987	*32.59%*
Weighted Average 1988-2008	*6.91%*
Weighted Average 2009-2019	*21.47%*
Arithmetic Average 1981-2019	*15.64%*
Arithmetic Average 1981-1987	*33.72%*
Arithmetic Average 1988-2008	*7.10%*
Arithmetic Average 2009-2019	*20.42%*
Prior Selection	*11.00%*
(6) ***Selected Long-Term Default Rate***	***15.75%***

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

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

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

	Weighted Average 1981-2019	*14.65%*
	Weighted Average 1981-1987	*32.59%*
	Weighted Average 1988-2008	*6.91%*
	Weighted Average 2009-2019	*25.25%*
	Arithmetic Average 1981-2019	*16.39%*
	Arithmetic Average 1981-1987	*33.72%*
	Arithmetic Average 1988-2008	*7.10%*
	Arithmetic Average 2009-2019	*23.10%*
	Prior Selected Initial Default Rate for 1981-1987	*32.50%*
	Prior Selected Initial Default Rate for 1988-2008	*6.75%*
	Prior Selected Initial Default Rate for 2009-2019	*15.50%*
(6)	***Selected Initial Default Rate for 1981-1987***	***32.50%***
(7)	***Selected Initial Default Rate for 1988-2008***	***7.00%***
(8)	***Selected Initial Default Rate for 2009-2021***	***20.00%***

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

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

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

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

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
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, 2022

(months)

Issue Year	12	24	36	48	60	72	84	96	108	120	132	144
1989	0	0	79,615	95,575	98,470	98,470	116,530	117,245	117,245	117,245	156,115	156,115
1990	0	29,805	50,605	142,590	153,670	203,385	217,730	217,730	217,730	250,720	250,720	250,720
1991	0	0	0	14,175	110,940	156,440	156,440	330,380	362,775	362,775	475,085	476,585
1992	0	167,354	171,054	171,054	171,054	175,969	219,424	389,594	401,449	414,234	533,474	668,639
1993	0	0	3,400	3,400	17,972	123,902	256,497	302,507	311,467	334,656	349,951	440,626
1994	6,250	6,250	49,435	49,435	49,435	62,610	282,410	290,410	370,410	380,910	392,130	392,130
1995	3,405	7,905	38,255	80,215	93,815	110,605	130,405	236,705	267,425	316,670	322,970	323,450
1996	0	7,795	323,565	485,784	507,764	601,184	633,034	795,939	800,264	800,264	800,264	847,619
1997	0	41,075	162,330	269,835	341,020	341,950	351,275	374,915	383,115	404,530	419,485	419,485
1998	102,385	139,700	284,551	396,981	425,476	466,056	487,366	497,771	505,491	528,216	528,216	528,216
1999	0	36,715	67,530	150,250	211,975	253,110	255,180	321,590	324,155	327,455	337,955	401,645
2000	0	0	7,745	114,810	134,310	155,980	155,980	162,955	162,955	162,955	162,955	162,955
2001	0	0	6,500	65,510	88,815	157,970	157,970	157,970	157,970	157,970	176,945	176,945
2002	0	0	8,715	8,715	8,715	8,715	49,810	96,710	160,725	217,190	217,190	225,890
2003	0	156,700	156,700	163,565	214,770	308,820	308,820	585,090	585,090	683,795	683,795	701,565
2004	0	0	0	57,360	57,360	152,640	182,320	238,505	241,505	241,505	241,505	241,505
2005	0	0	9,800	61,730	143,225	157,350	157,350	160,725	188,205	198,005	198,005	198,005
2006	0	0	29,115	92,020	107,020	116,180	127,025	184,170	184,170	184,170	194,020	194,020
2007	0	42,966	574,351	760,631	789,516	946,891	1,149,326	1,157,626	1,171,626	1,181,526	1,365,652	1,519,252
2008	0	29,760	38,560	90,958	135,697	179,722	179,722	299,822	299,822	299,822	324,382	622,202
2009	0	0	0	125,140	125,140	174,485	174,485	174,485	280,280	280,280	280,280	280,280
2010	0	27,450	30,985	52,720	153,125	329,450	346,570	446,685	446,685	446,685	446,685	446,685
2011	0	49,345	49,345	49,345	83,660	112,655	112,655	112,655	255,755	255,755	255,755	255,755
2012	0	0	156,949	224,819	281,919	393,939	540,714	647,264	691,969	691,969	691,969	
2013	0	0	70,365	97,540	97,540	112,830	142,975	162,495	169,495	169,495		
2014	0	34,189	53,769	53,769	84,634	170,781	666,326	666,326	666,326			
2015	5,570	53,470	62,970	129,890	129,890	163,140	258,160	258,160				
2016	0	155,679	275,509	389,511	532,281	631,876	631,876					
2017	70,435	70,435	224,785	558,450	1,017,205	1,092,065						
2018	0	0	251,545	906,141	1,194,596							
2019	0	0	0	35,800								
2020	0	3,000	115,261									
2021	0	0										
2022	0											

Issue Year	156	168	180	192	204	216	228	240	252	264	276
1989	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115
1990	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520
1991	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585
1992	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889
1993	440,626	440,626	506,926	558,736	631,486	631,486	631,486	631,486	631,486	631,486	631,486
1994	392,130	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785
1995	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450
1996	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259
1997	421,230	484,920	484,920	484,920	484,920	484,920	487,235	538,315	538,315	538,315	538,315
1998	629,681	658,056	658,056	698,811	698,811	698,811	698,811	781,066	781,066	784,666	784,666
1999	434,335	434,335	434,335	445,335	445,335	445,335	516,700	516,700	516,700	516,700	516,700
2000	167,505	167,505	167,505	172,055	172,055	172,055	172,055	172,055	172,055	172,055	172,055
2001	176,945	176,945	176,945	176,945	186,055	186,055	186,055	186,055	186,055	186,055	
2002	225,890	232,160	232,160	238,258	238,258	238,258	238,258	238,258	238,258		
2003	701,565	701,565	701,565	701,565	701,565	701,565	701,565	701,565			
2004	241,505	241,505	241,505	241,505	241,505	241,505	241,505				
2005	202,155	202,155	202,155	202,155	202,155	202,155					
2006	194,020	194,020	213,445	213,445	232,870						
2007	1,519,252	1,569,412	1,569,412	1,699,587							
2008	664,737	664,737	664,737								
2009	280,280	280,280									
2010	446,685										

Issue Year	288	300	312	324	336	348	360	372	384	396	408
1989	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115
1990	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	
1991	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585		
1992	677,689	677,689	677,689	677,689	677,689	677,689	677,689	677,689			
1993	631,486	631,486	631,486	631,486	631,486	631,486	631,486				
1994	431,785	431,785	431,785	431,785	431,785	431,785					
1995	323,450	323,450	323,450	323,450	323,450						
1996	853,259	853,259	853,259	853,259							
1997	538,315	538,315	538,315								
1998	784,666	806,271									
1999	516,700										

(months)

Issue Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144
1989			1.200	1.030	1.000	1.183	1.006	1.000	1.000	1.332	1.000
1990		1.698	2.818	1.078	1.324	1.071	1.000	1.000	1.152	1.000	1.000
1991				7.826	1.410	1.000	2.112	1.098	1.000	1.310	1.003
1992		1.022	1.000	1.000	1.029	1.247	1.776	1.030	1.032	1.288	1.253
1993			1.000	5.286	6.894	2.070	1.179	1.030	1.074	1.046	1.259
1994	1.000	7.910	1.000	1.000	1.267	4.511	1.028	1.275	1.028	1.029	1.000
1995	2.322	4.839	2.097	1.170	1.179	1.179	1.815	1.130	1.184	1.020	1.001
1996		41.509	1.501	1.045	1.184	1.053	1.257	1.005	1.000	1.000	1.059
1997		3.952	1.662	1.264	1.003	1.027	1.067	1.022	1.056	1.037	1.000
1998	1.364	2.037	1.395	1.072	1.095	1.046	1.021	1.016	1.045	1.000	1.000
1999		1.839	2.225	1.411	1.194	1.008	1.260	1.008	1.010	1.032	1.188
2000			14.824	1.170	1.161	1.000	1.045	1.000	1.000	1.000	1.000
2001			10.078	1.356	1.779	1.000	1.000	1.000	1.000	1.120	1.000
2002			1.000	1.000	1.000	5.715	1.942	1.662	1.351	1.000	1.040
2003		1.000	1.044	1.313	1.438	1.000	1.895	1.000	1.169	1.000	1.026
2004				1.000	2.661	1.194	1.308	1.013	1.000	1.000	1.000
2005			6.299	2.320	1.099	1.000	1.021	1.171	1.052	1.000	1.000
2006			3.161	1.163	1.086	1.093	1.450	1.000	1.000	1.053	1.000
2007		13.368	1.324	1.038	1.199	1.214	1.007	1.012	1.008	1.156	1.112
2008		1.296	2.359	1.492	1.324	1.000	1.668	1.000	1.000	1.082	1.918
2009				1.000	1.394	1.000	1.000	1.606	1.000	1.000	1.000
2010		1.129	1.701	2.904	2.152	1.052	1.289	1.000	1.000	1.000	1.000
2011		1.000	1.000	1.695	1.347	1.000	1.000	2.270	1.000	1.000	1.000
2012			1.432	1.254	1.397	1.373	1.197	1.069	1.000	1.000	
2013			1.386	1.000	1.157	1.267	1.137	1.043	1.000		
2014		1.573	1.000	1.574	2.018	3.902	1.000	1.000			
2015	9.600	1.178	2.063	1.000	1.256	1.582	1.000				
2016		1.770	1.414	1.367	1.187	1.000					
2017	1.000	3.191	2.484	1.821	1.074						
2018			3.602	1.318							
2019											
2020		38.420									
2021											
2022											

Issue Year	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276
1989	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1990	1.047	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1992	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1993	1.000	1.000	1.150	1.102	1.130	1.000	1.000	1.000	1.000	1.000	1.000
1994	1.000	1.101	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	1.004	1.151	1.000	1.000	1.000	1.000	1.005	1.105	1.000	1.000	1.000
1998	1.192	1.045	1.000	1.062	1.000	1.000	1.000	1.118	1.000	1.005	1.000
1999	1.081	1.000	1.000	1.025	1.000	1.000	1.160	1.000	1.000	1.000	1.000
2000	1.028	1.000	1.000	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2001	1.000	1.000	1.000	1.000	1.051	1.000	1.000	1.000	1.000	1.000	
2002	1.000	1.028	1.000	1.026	1.000	1.000	1.000	1.000	1.000		
2003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2004	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2005	1.021	1.000	1.000	1.000	1.000	1.000					
2006	1.000	1.000	1.100	1.000	1.091						
2007	1.000	1.033	1.000	1.083							
2008	1.068	1.000	1.000								
2009	1.000	1.000									
2010	1.000										

Issue Year	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-Ult
1989	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1992	1.007	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1994	1.000	1.000	1.000	1.000	1.000	1.000						
1995	1.000	1.000	1.000	1.000	1.000							
1996	1.000	1.000	1.000	1.000								
1997	1.000	1.000	1.000									
1998	1.000	1.028										
1999	1.000											

(months)

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144
Arithmetic Averages											
All Years	3.057	7.152	2.669	1.666	1.528	1.528	1.277	1.133	1.046	1.063	1.081
5 Year	3.057	9.226	2.113	1.416	1.338	1.825	1.067	1.276	1.000	1.016	1.206
3 Year	3.988	14.460	2.500	1.502	1.172	2.161	1.046	1.037	1.000	1.000	1.000
2 Year	5.300	20.806	3.043	1.570	1.130	1.291	1.000	1.022	1.000	1.000	1.000
$ Weighted Averages											
All Years	5.635	3.165	1.821	1.290	1.250	1.230	1.201	1.065	1.039	1.061	1.090
5 Year	1.043	3.785	2.479	1.452	1.166	1.521	1.073	1.096	1.000	1.012	1.169
3 Year		122.269	3.150	1.480	1.124	1.611	1.018	1.035	1.000	1.000	1.000
2 Year		38.420	3.745	1.510	1.113	1.120	1.000	1.008	1.000	1.000	1.000
Selected											
Age To Age	**4.750**	**3.300**	**2.050**	**1.450**	**1.300**	**1.200**	**1.150**	**1.080**	**1.060**	**1.060**	**1.050**
Age to Ult	116.793	24.588	7.451	3.635	2.507	1.928	1.607	1.397	1.294	1.220	1.151
Prior											
Age To Age	4.750	3.300	1.625	1.425	1.325	1.180	1.150	1.080	1.060	1.060	1.050
Age to Ult	88.525	18.637	5.648	3.475	2.439	1.841	1.560	1.356	1.256	1.185	1.118

	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-252	252-264	264-276
Arithmetic Averages											
All Years	1.021	1.017	1.013	1.017	1.015	1.000	1.010	1.015	1.000	1.000	1.000
5 Year	1.014	1.007	1.020	1.017	1.018	1.000	1.000	1.000	1.000	1.001	1.000
3 Year	1.023	1.011	1.033	1.028	1.030	1.000	1.000	1.000	1.000	1.000	1.000
2 Year	1.000	1.000	1.000	1.041	1.046	1.000	1.000	1.000	1.000	1.000	1.000
$ Weighted Averages											
All Years	1.022	1.020	1.009	1.028	1.014	1.000	1.011	1.020	1.000	1.001	1.000
5 Year	1.014	1.018	1.007	1.044	1.012	1.000	1.000	1.000	1.000	1.002	1.000
3 Year	1.032	1.020	1.008	1.066	1.030	1.000	1.000	1.000	1.000	1.000	1.000
2 Year	1.000	1.000	1.000	1.073	1.047	1.000	1.000	1.000	1.000	1.000	1.000
Selected											
Age To Age	**1.025**	**1.023**	**1.015**	**1.010**	**1.010**	**1.005**	**1.005**	**1.000**	**1.000**	**1.000**	**1.000**
Age to Ult	1.097	1.070	1.046	1.030	1.020	1.010	1.005	1.000	1.000	1.000	1.000
Prior											
Age To Age	1.020	1.018	1.010	1.005	1.005	1.005	1.000	1.000	1.000	1.000	1.000
Age to Ult	1.065	1.044	1.025	1.015	1.010	1.005	1.000	1.000	1.000	1.000	1.000

	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-Ult
Arithmetic Averages												
All Years	1.001	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
5 Year	1.000	1.006	1.000	1.000	1.000	1.000	1.000					
3 Year	1.000	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2 Year	1.000	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
$ Weighted Averages												
All Years	1.001	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
5 Year	1.000	1.007	1.000	1.000	1.000	1.000	1.000					
3 Year	1.000	1.010	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2 Year	1.000	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Selected												
Age To Age	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**
Age to Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior												
Age To Age	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age to Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

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

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

	(1)	(2)	(3)	(4)
Facility Type	Income Securities Investors Data	Actual Cal-Mortgage Experience (Including Triad)	Prior Selected	Selected
Hospitals	70.6%	N/A	N/A	N/A
Nursing Home	63.9%	N/A	N/A	N/A
TOTALS	66.8%	66.4%	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 6/30/2020
(4) Selected

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

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

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

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

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

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

Years From Default	(1) Income Securities Investors Data	(2) Prior Selection	(3) Selected
0	21.1%	19.5%	**20.5%**
1	41.1%	41.0%	**41.0%**
2	68.8%	68.5%	**68.5%**
3	80.8%	80.5%	**80.5%**
4	91.3%	91.5%	**91.5%**
5	95.4%	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 6/30/2020
(3) Selected

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals and Nursing Homes Combined
Analysis of Settlement Pattern after Loan Default ($000s)

Default Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204
	(months)																
1989	15,680	47,130	121,051	127,210	130,775	149,859	149,859	151,278	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370
1990	6,259	21,379	28,620	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884
1991	13,895	36,033	43,618	63,123	126,868	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815
1992	9,480	23,068	34,118	36,761	36,761	36,761	74,539	74,539	77,639	77,639	77,639	77,639	82,239	82,239	82,239	82,239	82,239
1993	25,349	29,710	206,444	208,568	212,120	269,120	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790
1994	12,009	49,763	52,908	56,205	56,205	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142
1995	12,791	15,607	188,724	190,884	194,358	194,358	194,950	195,370	195,370	195,370	195,370	195,370	195,370	195,370	195,370	195,370	195,370
1996	0	0	32,821	32,821	33,276	33,276	33,276	37,531	37,531	37,531	37,531	37,531	37,531	37,531	37,531	37,531	37,531
1997	5,440	30,867	30,867	30,889	30,889	31,139	31,964	31,964	31,964	31,964	31,964	31,964	31,964	31,964	31,964	31,964	31,964
1998	306,150	335,714	410,714	410,714	488,250	494,585	497,766	500,650	500,650	512,301	539,646	539,646	539,646	539,646	543,949	543,949	543,949
1999	25,549	85,798	108,927	110,427	121,968	132,908	143,511	156,859	170,719	170,762	170,762	170,762	170,762	170,762	170,762	178,851	178,851
2000	178,405	209,815	233,884	265,984	275,074	278,721	290,145	324,753	353,113	353,113	386,923	390,609	391,051	391,051	391,051	399,765	399,765
2001	9,185	26,824	70,324	91,517	109,445	133,413	133,413	140,901	143,231	143,231	150,381	150,381	150,381	150,381	150,381	164,186	164,186
2002	98,000	99,500	208,471	212,687	234,598	244,217	280,089	291,889	291,889	291,889	291,889	291,889	292,713	292,713	292,713	292,713	292,713
2003	115,113	123,525	440,799	482,073	486,423	486,423	486,423	486,423	486,423	486,423	486,423	486,764	486,764	486,764	486,764	486,764	486,764
2004	110,151	159,553	167,381	178,533	207,440	222,783	222,783	222,783	222,783	228,916	228,916	228,916	228,916	228,916	228,916	228,916	228,916
2005	0	5,500	30,440	30,440	30,440	30,440	30,440	30,440	30,440	43,491	43,491	43,491	43,491	43,491	43,491	43,491	43,491
2006	0	21,038	23,883	60,438	60,438	60,438	60,438	60,438	60,438	60,438	67,303	67,303	67,303	67,303	67,303	67,303	67,303
2007	5,580	106,340	109,177	111,725	111,725	134,450	134,450	134,450	134,450	134,450	134,450	134,450	134,450	134,450	134,450	134,450	
2008	29,680	33,756	33,756	70,479	100,471	103,855	103,855	142,365	142,365	142,365	142,365	142,365	142,365	142,365	142,365		
2009	0	110,094	266,459	335,304	378,614	396,689	396,689	396,689	441,519	441,519	441,519	441,519	441,519	441,519			
2010	0	0	63,987	69,707	219,707	357,842	371,854	371,854	371,854	371,854	371,854	371,854	371,854				
2011	0	5,162	5,162	30,295	44,995	66,279	66,279	66,279	66,279	66,279	66,279	66,279					
2012	2,009	62,987	193,337	193,337	193,337	193,337	194,892	194,892	194,892	194,892	194,892						
2013	70,847	180,018	196,038	196,038	196,038	196,038	196,038	196,038	196,038	196,038							
2014	0	4,641	112,186	112,186	112,186	112,186	112,186	112,186	112,186								
2015	199,289	348,498	348,498	348,498	348,498	350,057	350,057	350,057									
2016	0	28,995	28,995	28,995	46,877	46,877	46,877										
2017	75,643	75,643	296,283	323,968	324,075	334,075											
2018	0	83,227	84,427	147,403	147,403												
2019	0	126,149	126,149	223,457													
2020	165,737	165,737	175,712														
2021	44,007	44,007															
2022	0																

Default Year	216	228	240	252	264	276	288	300	312	324	336	348	360	372	384	396	408
1989	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370	156,370
1990	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	39,884	
1991	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815	132,815		
1992	82,239	82,239	82,239	82,239	82,239	82,239	82,239	82,239	82,239	82,239	82,239	82,239	82,239	82,239			
1993	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790	275,790				
1994	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142	59,142					
1995	195,370	195,370	195,370	195,370	195,370	195,370	195,370	195,370	195,370	195,370	195,370						
1996	37,531	37,531	37,531	37,531	37,531	37,531	37,531	37,531	37,531	37,531							
1997	31,964	31,964	31,964	31,964	31,964	31,964	31,964	31,964	31,964								
1998	543,949	543,949	543,949	544,301	544,301	544,301	544,301	544,301									
1999	178,851	178,851	178,851	178,851	178,851	178,851	178,851										
2000	399,765	399,765	399,765	399,765	399,765	399,765											
2001	164,186	164,186	164,186	164,186	164,186												
2002	292,713	292,713	292,713	292,713													
2003	486,764	486,764	486,764														
2004	228,916	228,916															
2005	43,491																

Default Year	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204
	(months)															
1989	3.006	2.568	1.051	1.028	1.146	1.000	1.009	1.034	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1990	3.416	1.339	1.394	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1991	2.593	1.210	1.447	2.010	1.047	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1992	2.433	1.479	1.077	1.000	1.000	2.028	1.000	1.042	1.000	1.000	1.000	1.059	1.000	1.000	1.000	1.000
1993	1.172	6.949	1.010	1.017	1.269	1.025	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1994	4.144	1.063	1.062	1.000	1.052	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1995	1.220	12.092	1.011	1.018	1.000	1.003	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1996			1.000	1.014	1.000	1.000	1.128	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997	5.674	1.000	1.001	1.000	1.008	1.026	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998	1.097	1.223	1.000	1.189	1.013	1.006	1.006	1.000	1.023	1.053	1.000	1.000	1.000	1.008	1.000	1.000
1999	3.358	1.270	1.014	1.105	1.090	1.080	1.093	1.088	1.000	1.000	1.000	1.000	1.000	1.000	1.047	1.000
2000	1.176	1.115	1.137	1.034	1.013	1.041	1.119	1.087	1.000	1.096	1.010	1.001	1.000	1.000	1.022	1.000
2001	2.920	2.622	1.301	1.196	1.219	1.000	1.056	1.017	1.000	1.050	1.000	1.000	1.000	1.000	1.092	1.000
2002	1.015	2.095	1.020	1.103	1.041	1.147	1.042	1.000	1.000	1.000	1.000	1.003	1.000	1.000	1.000	1.000
2003	1.073	3.569	1.094	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000
2004	1.448	1.049	1.067	1.162	1.074	1.000	1.000	1.000	1.028	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005		5.535	1.000	1.000	1.000	1.000	1.000	1.000	1.429	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006		1.135	2.531	1.000	1.000	1.000	1.000	1.000	1.000	1.114	1.000	1.000	1.000	1.000	1.000	1.000
2007	19.057	1.027	1.023	1.000	1.203	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2008	1.137	1.000	2.088	1.426	1.034	1.000	1.371	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
2009		2.420	1.258	1.129	1.048	1.000	1.000	1.113	1.000	1.000	1.000	1.000	1.000			
2010			1.089	3.152	1.629	1.039	1.000	1.000	1.000	1.000	1.000	1.000				
2011		1.000	5.868	1.485	1.473	1.000	1.000	1.000	1.000	1.000	1.000					
2012	31.352	3.069	1.000	1.000	1.000	1.008	1.000	1.000	1.000	1.000						
2013	2.541	1.089	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
2014		24.171	1.000	1.000	1.000	1.000	1.000	1.000								
2015	1.749	1.000	1.000	1.000	1.004	1.000	1.000									
2016		1.000	1.000	1.617	1.000	1.000										
2017	1.000	3.917	1.093	1.000	1.031											
2018		1.014	1.746	1.000												
2019		1.000	1.771													
2020	1.000	1.060														
2021	1.000															
2022																

Default Year	204-216	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-Ult
1989	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1990	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
1991	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
1992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
1993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
1994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000						
1995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000							
1996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000								
1997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000									
1998	1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000										
1999	1.000	1.000	1.000	1.000	1.000	1.000	1.000											
2000	1.000	1.000	1.000	1.000	1.000	1.000												
2001	1.000	1.000	1.000	1.000	1.000													
2002	1.000	1.000	1.000	1.000														
2003	1.000	1.000	1.000															
2004	1.000	1.000																
2005	1.000																	

	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204
	(months)															
Arithmetic Averages																
All Years	4.112	3.003	1.360	1.190	1.083	1.050	1.031	1.015	1.019	1.013	1.000	1.003	1.000	1.000	1.008	1.000
5 Year	1.458	1.598	1.322	1.123	1.007	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3 Year	1.000	1.025	1.537	1.206	1.012	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2 Year	1.000	1.030	1.759	1.000	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
$ Weighted Averages																
All Years	1.755	1.687	1.121	1.109	1.075	1.025	1.023	1.020	1.006	1.016	1.001	1.001	1.000	1.001	1.009	1.000
5 Year	1.734	1.483	1.213	1.019	1.011	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
3 Year	1.601	1.030	1.371	1.036	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2 Year	1.000	1.034	1.761	1.000	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected																
Age To Age	**1.950**	**1.675**	**1.175**	**1.130**	**1.045**	**1.020**	**1.015**	**1.005**	**1.002**	**1.002**	**1.002**	**1.001**	**1.000**	**1.000**	**1.000**	**1.000**
Age to Ult	4.748	2.435	1.454	1.237	1.095	1.048	1.027	1.012	1.007	1.005	1.003	1.001	1.000	1.000	1.000	1.000
Prior																
Age To Age	2.028	1.671	1.162	1.130	1.045	1.019	1.015	1.005	1.002	1.002	1.002	1.001	1.000	1.000	1.000	1.000
Age to Ult	4.869	2.400	1.436	1.236	1.094	1.047	1.027	1.012	1.007	1.005	1.003	1.001	1.000	1.000	1.000	1.000

	204-216	216-228	228-240	240-252	252-264	264-276	276-288	288-300	300-312	312-324	324-336	336-348	348-360	360-372	372-384	384-396	396-408	408-Ult
Arithmetic Averages																		
All Years	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
5 Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
3 Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2 Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
$ Weighted Averages																		
All Years	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
5 Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
3 Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000			
2 Year	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
Selected																		
Age To Age	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**
Age to Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Prior																		
Age To Age	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Age to Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

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

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

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

Estimated Termination Rate

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

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

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

Estimated Premium Rate

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

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

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

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

Estimated Amount of Loan Default by Fiscal Year - New Loans Insured
Baseline Scenario
Based on Data as of June 30, 2022

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

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

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

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

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

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

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

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

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

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

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

Estimated Amount of Loan Default by Fiscal Year - New Loans Insured
Scenario 1: 150 Basis Points Increase
Based on Data as of June 30, 2022

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

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

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

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

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

Estimated Amount of Loan Default by Fiscal Year - New Loans Insured
Scenario 2: 300 Basis Points Increase
Based on Data as of June 30, 2022

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

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

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

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

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

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

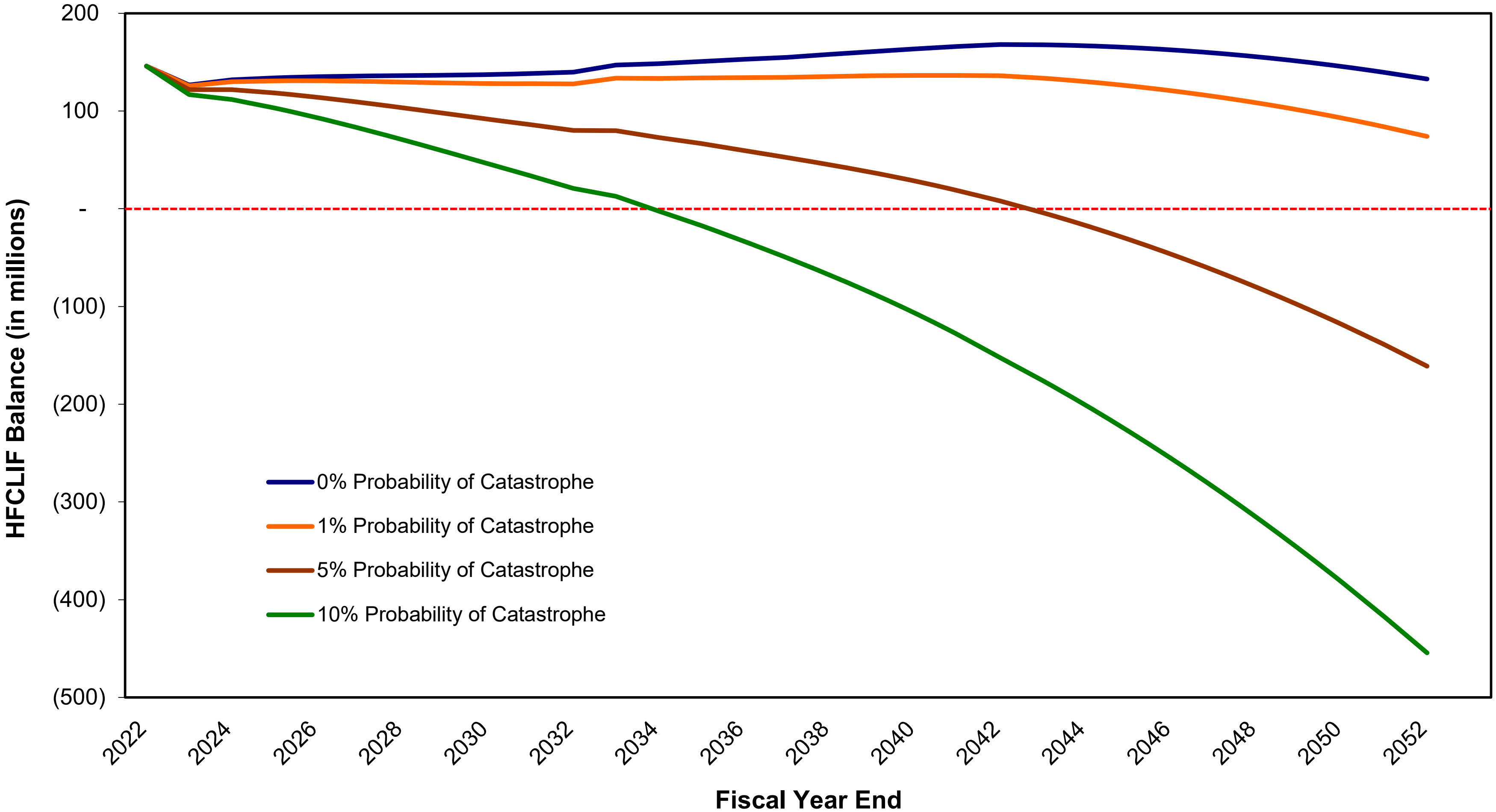
Issue Year	Total Annual Premium Loans Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1983-6/30/1984	159,700,000	6.86%	10,955,420	468	100%	7/1/2022-6/30/2023	0
7/1/1984-6/30/1985	151,784,000	6.86%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

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

Projected Fiscal Year End HFCLIF Balance

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

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



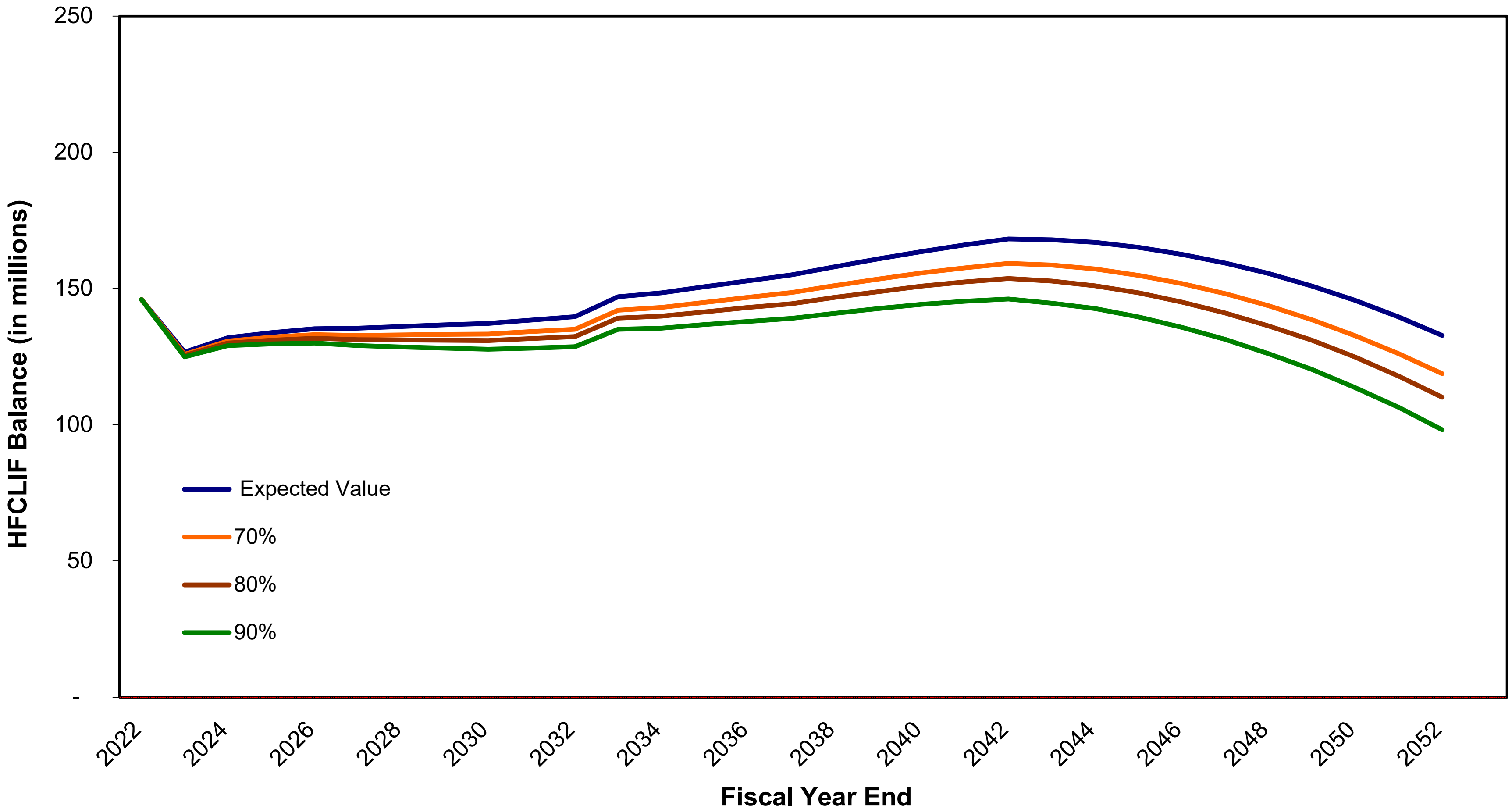
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
0% Probability of Catastrophe

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

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

0% Probability of Catastrophe



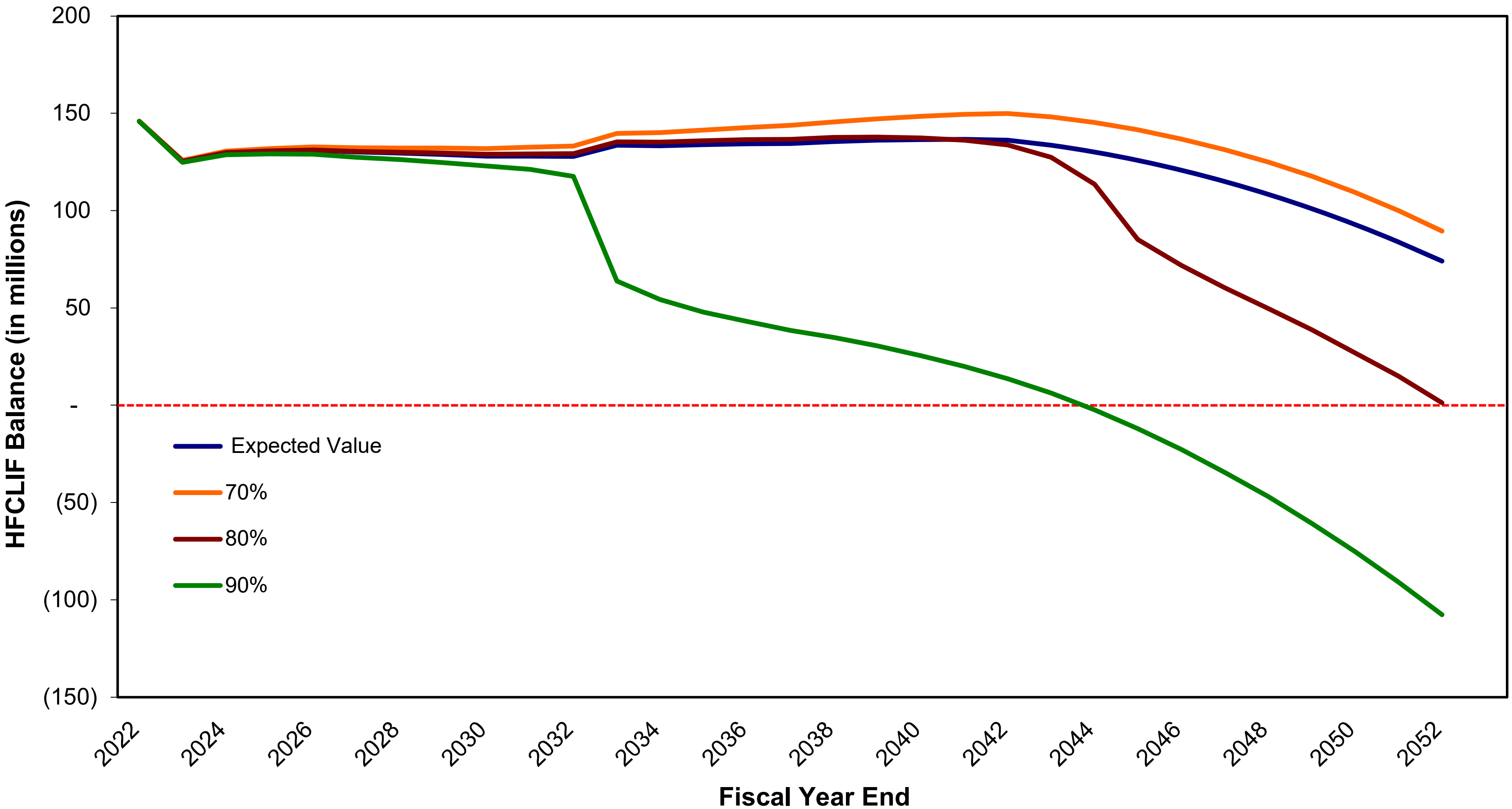
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
1% Probability of Catastrophe

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

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

1% Probability of Catastrophe



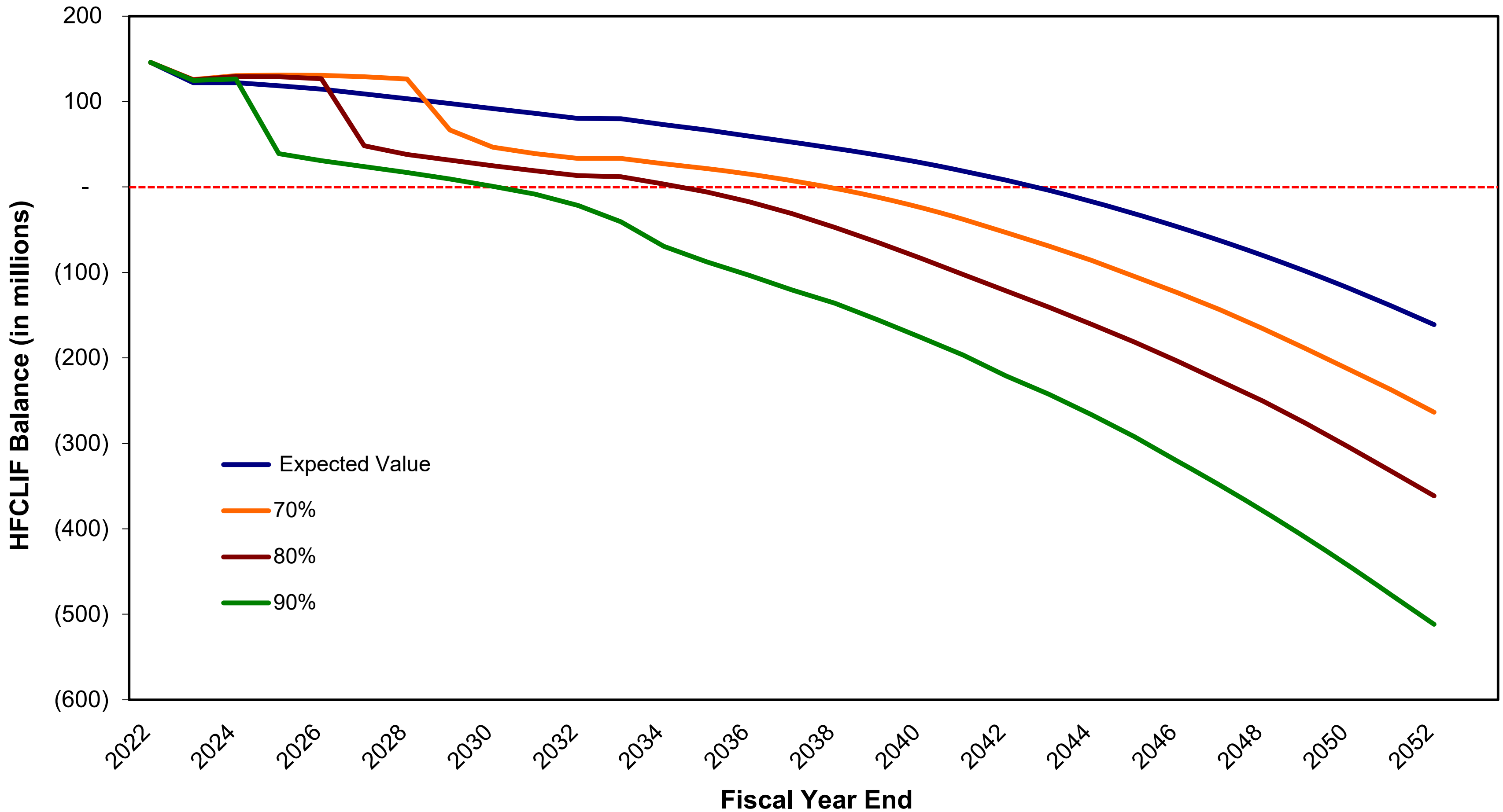
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
5% Probability of Catastrophe

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

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

5% Probability of Catastrophe



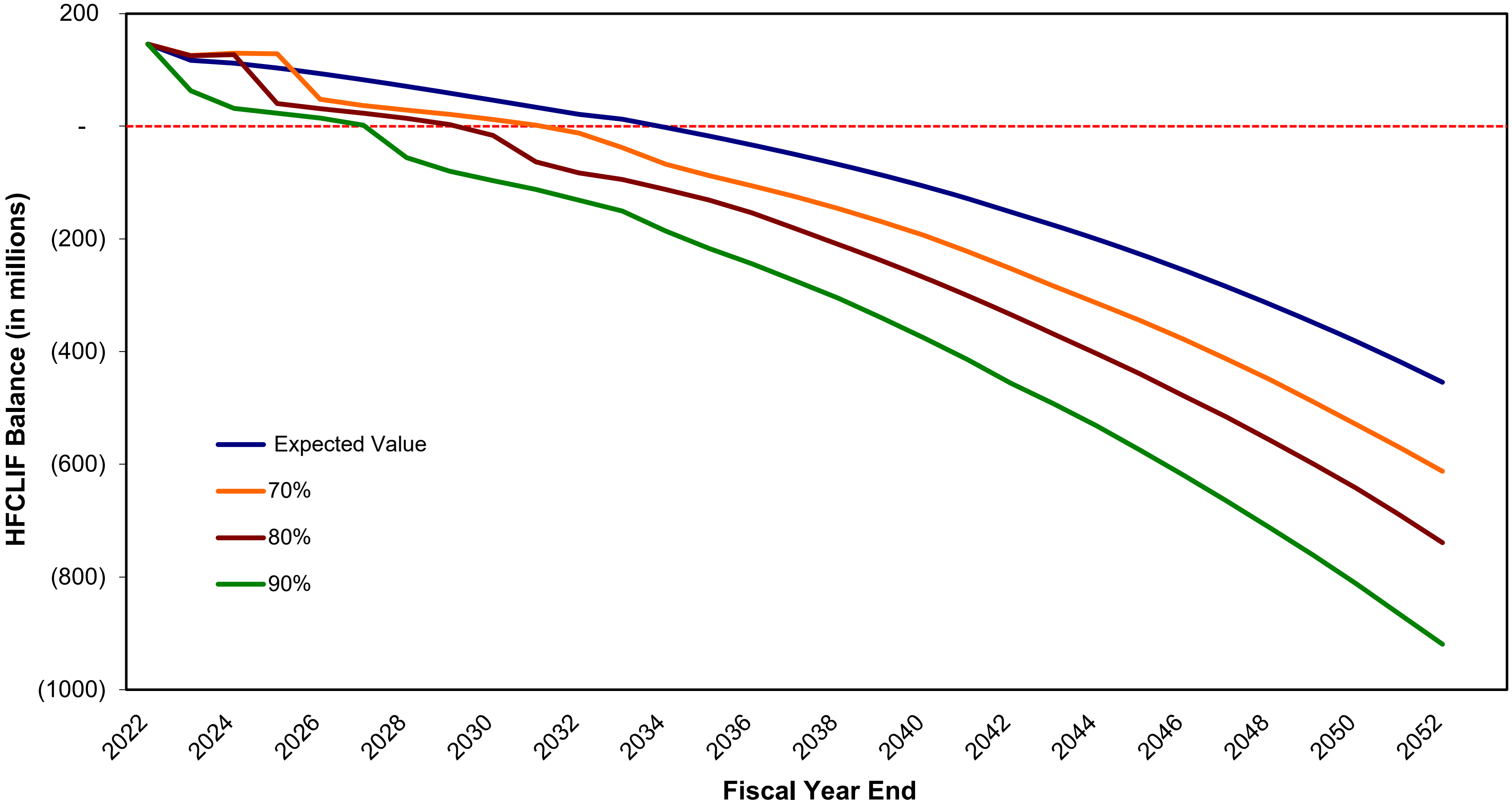
Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
10% Probability of Catastrophe

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

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

10% Probability of Catastrophe



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

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

	Current Split of Exposure (Current Principal Balance)	
(4)	Hospital:	*28.5%*
(5)	Nursing Home:	*71.5%*

Indicated CV (Coefficient of Variation):

1981 - 2021	*0.746*
1981 - 1999	*0.804*
1997 - 2007	*0.455*
2005 - 2021	*0.518*
1999 - 2021	*0.646*
Prior CV	*0.570*
Selected CV	***0.595***

Notes:
(1) From Section III, Exhibit 2, Page 2, Column (5)
(2) From Section III, Exhibit 2, Page 5, Column (5)
(3) = [(1) x (4) + (2) x (5)]
(4) Based on data from Section III, Exhibit 2, Page 1
(5) Based on data from Section III, Exhibit 2, Page 1

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

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

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

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

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

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

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

Average	*136,325,000*
Average Excluding High & Low	*132,174,375*
Prior Selected Catastrophe Loss	*125,000,000*
Selected Catastrophe Loss	***127,000,000***

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Agenda Item 6a – Deputy Director's Reports
Project Monitoring

Department of Health Care Access and Information
Cal-Mortgage Loan Insurance Program

As of April 2, 2025

Summary of Monitoring
Financial Statements Received
Project Filing Status

Survey Date:	Jun 29, 2023	Sep 29, 2023	Feb 29, 2024	Jun 27, 2024	Aug 23, 2024	Apr 2, 2025
Current	50	42	43	43	38	48
Behind 1 quarter	2	11	11	14	12	6
Behind 2 quarters	2	2	1	1	7	2
Behind 3 quarters	3	3	3	1	2	2
Total:	**57**	**58**	**58**	**59**	**59**	**58**

Summary of Monitoring
Debt Service Coverage Ratio
Number of Projects that Exceed Required Ratio

Survey Date:	Jun 29, 2023	Sep 29, 2023	Feb 29, 2024	Jun 27, 2024	Aug 23, 2024	Apr 2, 2025
DSCR at or greater than required:	46	42	43	47	51	48
DSCR less than required:	11	14	13	11	7	9
Problem Project:	0	1	1	1	1	1
Total:	**57**	**58**	**58**	**59**	**59**	**58**

Summary of Monitoring
Site Visits
Number of Projects that are Current

Survey Date:	Jun 29, 2023	Sep 29, 2023	Feb 29, 2024	Jun 27, 2024	Aug 23, 2024	Apr 2, 2025
Current:	8	13	25	21	23	9
Past Due:	49	45	33	38	36	49
Total:	**57**	**58**	**58**	**59**	**59**	**58**

Agenda Item 6b – Deputy Director's Reports

Pending Projects

Department of Health Care Access and Information (HCAI)
Cal-Mortgage Loan Insurance Program
As of April 1, 2025

Projects Insured - Fiscal 2024 - 2025

Project Name	Location	Facility Type	Loan Amount	Loan Type	Rating
Moldaw	Palo Alto	Multi-CCRC	$59,450,000	New	BBB-
La Maestra Community Health Centers	San Diego	Clinic-PC	$14,225,000	New	
			$73,675,000		

Projects Insured - Fiscal 2023-2024

Project Name	Location	Facility Type	Loan Amount	Loan Type	Rating
Ararat Home of Los Angeles	Mission Hills	Multi- CCRC	$10,915,000	New	--
Odd Fellows Home of California	Napa	Multi- CCRC	$67,065,000	Refinance Plus	BBB
			$77,980,000		

Projects with Letters of Commitment

Project Name	Location	Facility Type	Amount	Loan Type	Rating

Applications Before Advisory Loan Insurance Committee

Project Name	Location	Facility Type	Amount	Loan Type	Rating

Pending Applications

Project Name	Location	Facility Type	Amount	Loan Type	Rating

Pre - Applications

Project Name	Location	Facility Type	Amount	Loan Type	Rating
Gateways Hospital	Los Angeles	Hospital	$51,500,000	New	
Sequoia Living	San Francisco	CCRC	$122,000,000	New	
			$173,500,000		

Discussions

Project Name	Location	Facility Type	Amount	Loan Type	Rating
Odd Fellows	Saratoga	CCRC	$78,000,000	New	
Oroville Hospital	Oroville	Hospital	$215,000,000	New	
Atherton Baptist Homes	Alhambra	CCRC	$13,000,000	New	
Alexander Valley Healthcare	Cloverdale	Clinic-PC	$39,530,000	New	
OLE Health	Fairfield	Clinic-PC	$35,600,000	New	
SAC Health	San Bernardino	Clinic-PC	$95,000,000	New	
Tulare District Hospital	Tulare	Hospital - Dist.	$50,000,000	New	
Del Puerto Health Care District	Patterson	Clinic - Dist.	$25,000,000	New	
Humboldt County	Eureka	Clinic - Lab	$25,600,000	New	
			$576,730,000		

Facility Type Abbreviations

ADHC-DD	Adult Day Health Care-Developmentally Disabled
CDRF	Chemical Dependency Recovery Facility
Clinic-PC	Clinic for Primary Care
GH-DD	Group Home for the Developmentally Disabled
GH-Mental Health	Group Home - Mental Health
Hosp	General Acute Care Hospital
Hosp-Dist.	Acute Care Hospital - Healthcare District
Multi-CCRC	Multi-level Facility - Entrance Fee Continuing Care Retirement Community
Multi-Others	Multi-level Facility - Multiple Levels of Care, Month-to-Month Rental Community
SNF	Skilled Nursing Facility

Agenda Item 6c – Deputy Director's Reports

Problem Projects Report

Department of Health Care Access and Information

Cal-Mortgage Loan Insurance Division

Problem Projects Report

March 2025

Distribution: Elizabeth A. Landsberg, Director
Scott Christman, Chief Deputy Director
Dean O'Brien, Deputy Director, Cal-Mortgage
Advisory Loan Insurance Committee Members

Problem Projects Report - Update for March 2025

	Facility Name	Location	Type	Risk Rating as of 3/1/25	Current Obligation (Millions)	Percent In Debt Reserve Fund [1]	Payment Status?	Technical Default? (or other issues)	HFCLIF [2] Payment Likelihood?[3]	Change Since Last Report	Page
I.	**HFCLIF Payments Expected**										
II.	**Ongoing HFCLIF Payments**										
	St. Rose Hospital	Hayward	Hospital	E	$17.8 - Note $10 - LOC	N/A	Current	Liquidity, Ratio Default	Yes	Payments are being made per the terms of the Debt Relief Plan. The LOC in the amount of $10,084,930.56 was paid on December 10, 2024, utilizing the HFCLIF. The first six months' payment of the Note was paid on December 20, 2024. The amount was $1,935,085.79 (6 x $322,514.30). St. Rose will pay back the Department for any payments the Department made from the HFCLIF. Starting on January 1, 2030, the Corporation will begin repayment of all payments the Department has made from the HFCLIF projected at $25.48 million at 4.44 percent (same rate as current term loan in place) over a five-year term	1
III.	**Financial Performance Problems**										
	San Benito Health Care District	Hollister	Hosp - District	C	$ 6.8	100% (6-Month)	Current	Liquidity, Ratio Default	Low - March '26	Dec. YTD (6 mo.) profit of $8,898,739 and 74 DCOH. The District filed for Chapter 9 on May 23, 2023. The judge dismissed case on March 21, 2024 and the District filed an appeal. District voted to continue negotiations with Insight. Measure X passed. Q2 present to Board for approval.	4
	Hill Country Community Clinic	Round Mountain /Redding	FQHC	C	$ 2.9	100% (6-Month)	Current	Liquidity, Ratio Default	Low	Redding clinic, Center of Hope, sold on April 22, 2024. The clinic will keep approx. $3 million cash on hand thru the end of 2025. Loan payments are punctual.	6
IV.	**Defaulted Projects: Pending Asset Sales**										
	None										
V.	**Resolved Defaulted Projects**										
	Verdugo Mental Health	Glendale	Clinic-MH							Last payment received on March 6, 2025. Current balance is $3,695,742.80.	8
	Lake Merrit - Cal-Nevada/Pacifica	Oakland	CCRC							Last payment received on March 5 , 2025. Current balance is $13,725,439.13,	9

[1] The insured project's Debt Service Reserve Fund (DSRF)
[2] Health Facility Construction Loan Insurance Fund
[3] Likelihood means probability or possibility of using HFCLIF for next payment.

II. Financial Performance Problems

Project: St. Rose Hospital **Numbers:** 1084, 0932

Description:
Hayward Sisters Hospital dba St. Rose Hospital (Corporation) is a general acute care 171 bed facility in Hayward, CA which offers emergency; subacute care; cardiology; orthopaedics; rehabilitation; and both inpatient and outpatient services that was founded in 1962. From 2013 until the end 2024, the Corporation was run via a management agreement with Alecto Healthcare LLC (Alecto). In the third quarter of 2024 the Department of Health Care Access and Information (Department) Cal-Mortgage Loan Insurance Program (Cal-Mortgage) was notified of Alecto's CEO's intention to retire; discontinue management services; and not acquire the Corporation under the Management Services Agreement (MSA). In response to the Alecto decision, the Corporation issued a Request for Proposal (RFP) in an attempt to find a new long-term operator or partner. As a result of the RFP process, Alameda Health Systems (AHS) was the only entity that expressed an interest, and on April 15, 2024, executed a Letter of Interest to become the sole corporate member of the Corporation. AHS assumed control of all operations at the Corporation effective October 31, 2024. Under the new organizational structure, the Corporation continues its existence as a California nonprofit public benefit corporation and will remain the owner and licensed operator of St. Rose Hospital.

Background:
In May 2009 the Department insured a total of $42.1M of fixed rate bonds for the Corporation with Series 2009A tax-exempt bonds of $31.15M and Series 2009B taxable bonds of $10.95M (collectively "2009 Bonds"). The 2009 Bonds were used for the expansion of the fifth floor to accommodate 30 private rooms; replacement and repairs to the existing structure; and to complete seismic requirements to meet SB 1953 compliance by 2030.

In December 2010, the Corporation was having financial issues and drew on a $7M Alameda County emergency reserve fund to pay $4M for Hospital Provider Fees and $3M to pay down an outstanding balance on a Department insured line of credit (LOC). As a result of this and other performance issues, the Department eventually took actions towards the end of Fiscal Year End (FYE) 2012 to avert bankruptcy enforced the replacement of all board members with five new board members, including two members from the Department's Advisory Loan Insurance Advisory Committee. After restructuring the Board of Directors and various management roles, the Corporation ultimately entered into a management agreement with Alecto, a for-profit organization. As Alecto was a for-profit organization with the option to buy the Corporation, the Corporation needed to refinance out of the 2009A tax-exempt bonds to avert a possible tax liability that could have inadvertently been triggered had Alecto exercised the buy option. Therefore, in 2016, the 2009A bonds were refinanced into a $38M Department insured bank loan with City National Bank (2016 CNB). In August 2022, the 2016 CNB loan was refinanced again with CNB in the amount of $24.36M (2022 CNB). In 2009 the Department also insured a $10M line of credit (LOC) with CNB to ensure adequate operating liquidity for the Corporation.

In early 2023, a group of community stakeholders led by Eden Health District engaged Innova Healthcare Solutions to conduct a study on the future sustainability of St. Rose Hospital. The study revealed that St. Rose Hospital was not sustainable as a stand-alone hospital without substantial and ongoing increases in public funding. The report further recommended the Corporation's board pursue an affiliation with a health system that had sufficient resources to secure the Corporation's ability to operate. The Corporation's board engaged Kaufman Hall and Steven Hollis as consultants to assist with an RFP. Through the RFP process, the Corporation signed an exclusive 90-day non-disclosure affiliation agreement with AHS. During the first part of 2024, AHS began its due diligence efforts, and the parties began discussions regarding a potential acquisition.

On August 19, 2024, the Corporation and AHS entered into a Membership Issuance Agreement, by which AHS became the sole corporate member of St. Rose, along with certain other related agreements. On October 31, the Department, the Corporation, and AHS executed a Debt Service Relief Agreement (DSRA) by which the Department agreed to cure the Corporation's defaults by making payment on the LOC and term note from the Department's Health Facility Construction Loan Insurance Fund (HFCLIF), with such HFCLIF payment to be repaid by the Corporation to the Department as specified in the DSRA. Per the DSRA, on December 10, 2024, the Department made payment on the $10M LOC, and on December 20, 2024, the Department made the first $1.9M six-month installment payment on the term note. The next payment is due in May 2025.

Summary of DSRA Terms:

- Full payoff of the LOC and for the initial thirty-six months, monthly payments toward the term loan will be made fully by the Department using money from the HFCLIF.

- Thereafter for the following twenty-four months, both the Corporation and the Department will each make payments on the term loan of 50 percent.

- Thereafter the Corporation will commence making the full note payments, until natural defeasance of the term loan on December 1, 2029.

- Starting on January 1, 2030, the Corporation will begin repayment of all payments the Department has made from the HFCLIF projected at $25.48 million, the rate will be the same as the term at 4.44 percent over 5-year repayment period.

In addition, the AHS transition and DSRA execution the Corporation was also able to secure additional funding in December 2023 when the Corporation was allocated a $17,650,000 Distressed Hospital Loan Program (DHLP) award. These working capital loans were awarded to 16 of the hospitals experiencing the highest levels of financial distress in the entire state. As part of the requirements under the DHLP turnaround plans were required to be submitted as part of the application process and updated every quarter.

The following table shows key financial statistics of the Corporation:

Dollars in Thousands	Internal 1/31/2025	Internal 9/30/2024	Audit	Audit	Audit	Audit
	(4 months)	(12 months)	2023	2022	2021	2020
Cash & Equivalents	$10,503	$8,807	$8,768	$11,652	$26,175	$36,831
Net Accounts Receivable	$10,145	$11,022	$11,226	$8,867	$9,269	$6,782
Total Assets	$76,990	$81,534	$68,449	$68,242	$81,597	$94,642
Total Current Liabilities	$50,973	$61,776	$35,940	$21,930	$26,647	$26,791
Total Liabilities	$79,525	$77,402	$59,298	$49,238	$59,567	$67,678
Net Assets	($2,535)	$4,132	$9,151	$19,004	$22,030	$26,964
Revenue	$43,247	$137,533	$119,316	$122,295	120,745	$125,420
Operating Profit/Loss	($6,105)	($3,862)	($10,470)	($4,773)	($4,683)	($2,776)
Net Income/Loss	($6,572)	($5,458)	($9,853)	($5,712)	($5,641)	($4,637)
DSCR	(2.93)	0.02	(1.25)	0.30	0.61	1.03
Days Cash on Hand	26.33	23.10	25.20	24.97	79.85	110.76
Current Ratio	0.77	0.69	0.88	1.47	1.76	2.05

Fiscal year-end is September 30.

<u>Current Situation</u>: (as of March 26, 2025) **<u>Risk Rating:</u> E**

January financials (the most recent data available) were received from the Corporation on March 26, 2025. As of January 31, 2025, Debt Service Coverage Ratio fell from 0.02 to negative 2.93 while Days Cash on Hand and the Current Ratio both rose slightly. The audit report for 2024 included a footnote on the topic of going concern specifically the significant losses from operations and cash flow difficulties for the past three years. Continuation as a going concern is dependent on the Corporation's ability to increase collections, decrease expenses and raise additional capital.

The Corporation's operating losses continued. For the month of January, operating revenue totaled $8.8M which was above the budget and was an increase from the prior month of December due to higher inpatient and outpatient revenues. Operating expenses were $11.3M which was below budget by 0.5%. The Corporation's year-to-date net loss for the four months ended January 31, 2025, was $6.6M which compared unfavorably to a budgeted net loss of $0.2M. The results are due to higher operating expenses in the categories of salaries, fringe benefits, registry/contract labor, and medical supplies. The operating loss contributed to a lower DSCR of negative 2.93.

The cash & equivalents increase reflected in the January financials was due to the November receipt of $4.8M in Alameda County Measure A supplemental funding. Accounts receivable also decreased slightly which was another negative effect on liquidity. Accounts Payable remained materially unchanged. Overall, current assets and current liabilities both decreased which combined to decrease the current ratio and days cash on hand.

The next DSRA six-month payment is due on May 1, 2025, for the monthly payments of May through October 2025. The account manager has received the next payment notification from CNB and the HFCLIF Notification Payment and will be e-mailed to interested parties.

Tri-weekly meetings with the Corporation's General Counsel Mike Sarrao and Chief Administrative Officer Mario Harding are being held. The purpose of these meetings is to discuss and receive updates regarding the Corporation's turnaround plan and financial operations. The updated turnaround plan currently in place is divided into five key areas and expected to be implemented over the next 36 months:

- Integration of Hospital and AHS Physicians
- Maximize Capacity (Partnerships)
- Meet Market Need (Expand AHS FQHC to the hospital)
- Capital Spending Freeze (focus on immediate revenue generating activities)
- Interventional Cardiology expansion

<u>Assessment:</u>

Profitability:	YTD 1/31/2025 (4 mo.): ($6,572,238)
Liquidity:	Days Cash on Hand: 26 days
Line of Credit:	Paid 12/10/24
Debt Service Reserve Fund:	Not required per terms of note
Debt Service Payments:	To be paid out of HFCLIF, then reimbursed
HFCLIF:	LOC paid $10,084,930.56 - 12/10/2024 Note paid $1,935,085.79 - 12/20/2024 Note to be paid $1,935,085.80 – 5/1/2025
St. Rose CAO (via AHS):	Mario Harding
St. Rose Controller:	Rosario Eugenio
Counsel:	Michael Sarrao, Esq.

Account Manager: Arne Bracchi

Supervisor: Consuelo Hernandez

III. Financial Performance Problems

Project: San Benito Health Care District **Number:** 1076

Description:
San Benito Health Care District (District) operates the 25-bed Hazel Hawkins Memorial Hospital, four rural health clinics, two community health clinics, a distinct part skilled nursing facility, four satellite lab/draw stations, a home health agency in Hollister, and a rural health clinic in San Juan Bautista, California. In March 2013, HCAI insured a $24.9M bond issue for the refunding of $16M in outstanding bond debt, reimbursing the District $10M for construction costs for a Women's Center, and $2.4M toward the cost of issuance (2013 Bonds). The District refinanced the 2013 Bonds on February 11, 2021 (2021 Bonds) and achieved a net present value (NPV) savings of 10.42 percent, or $1.7M. The refinance provided annual cash flow savings of approximately $380,000. In addition, the refinance allowed the outstanding balance to decline from $16.48M to $12.57M. The 2021 Bonds have a current outstanding balance of $6.875M with a final maturity on March 1, 2029.

Background:
Between 2014 and 2020, the District's financial condition struggled due to a decline in census and ever-increasing expenses. In 2018, the District began the application process to convert to a Critical Access Hospital (CAH) and the Centers for Medicare and Medicaid Services (CMS) approved its application effective March 26, 2020. As part of the reclassification to a CAH, the District decreased its licensed beds from 62 to 25. Between April 2020 and June 2022, the District's financial condition improved due to the increased Medicare rates as part of the CAH reclassification, improved census related to COVID, and supplemental COVID funding.

In the third quarter of calendar year 2022, the District began experiencing liquidity issues due to two factors. First, CMS indicated that the District was overpaid during the FYE 2022 by $5.2M. A one-year repayment plan was established in the amount of $441,036 per month. In addition, CMS indicated that an additional $5.2M was to be reduced from future payments in FYE 2023, thus the District's inpatient rates were reduced by 20 percent and outpatient rates were reduced by 13 percent. The District was able to negotiate the one-year CMS repayment plan to a five-year repayment plan.

Second, the District ended its commercial provider agreement with Anthem Blue Cross (Anthem) on August 10, 2022. Anthem deactivated payments to the District on the commercial provider agreement, and inadvertently deactivated payments to the District on its Medi-Cal provider agreement. Anthem identified that it may take 45 days to correct the accidental deactivation of the payments for the Medi-Cal provider agreement. The District identified that approximately $4M in claims were delayed due to this payment processing issue with Anthem. The District eventually reached a new commercial provider agreement with Anthem covering the 2023 calendar year. The outstanding Anthem Medi-Cal receivables were subsequently processed and paid.

The District initiated an aggressive cost savings plan to address its immediate cash-flow needs, while the District explored sources to provide temporary liquidity and collected on its receivables. The San Benito County Board of Supervisors agreed to advance the District its annual property tax revenue normally paid in April; the District received $2.2M of property tax revenue in December 2022. In January 2023, the District obtained a $3.09M loan from the California Health Facilities Financing Authority's Nondesignated Public Hospital Bridge Loan Program II to provide additional liquidity. The District receives over $13M in supplemental funding annually; however, the majority of the funding is normally not received until months later and sometimes in the following fiscal year. The District worked with various agencies to receive its supplemental payments in advance, thus improving its liquidity.

Current Situation: (As of March 13, 2025) **Risk Rating: C**

(No updates from last report)

On May 22, 2023, the District's Board of Directors authorized the filing of a Chapter 9 bankruptcy petition and adopting a pendency plan outlining a strategy to proceed forward. The District officially filed for Chapter 9 on May 23, 2023. In December the District defended itself in a trial due to Unions' claiming that the District did not meet the criteria to file for bankruptcy protection, which lead to wage and benefit cost cutting measures. On March 21, 2024, the Judge dismissed the District's bankruptcy case citing that the District is not insolvent and therefore not eligible for Chapter 9 relief. The District filed an appeal and anticipates a 9-to-12-month appeal process.

The District engaged B Riley Advisory Services to search for a strategic partner to help ensure the long-term viability of the District. The District received interest from several potential partners or buyers. On January 2, 2024, the District received a LOI from Insight Foundation of America (Insight) proposing a purchase of the District's assets estimated between $59M and $65M. At a June 5, 2024, Board meeting, the District's Board voted to continue negotiations with Insight. The proposal with Insight was modified from an outright purchase to a five-year lease-to-own option. The Insight proposal was included on the November 5, 2024, San Benito County ballot as Measure X and was passed with 51 percent. The District is currently negotiating definitive agreements with Insight and anticipates presenting the agreements to the Board during the second quarter of 2025. It is anticipated that the 2021 Bonds will be paid in full in concurrence to this transaction with Insight. In February 2025, the District received interest from another health system; after discussions the health system decided to withdraw its interest.

The District received a $10 million loan award from the Distressed Hospital Loan Program (DHLP). The DHLP loan closed on July 1, 2024, and the District received their first disbursement of $2.7 million on July 5, 2024.

The following table shows historical results for a number of key financial statistics:

Statement Date (6/30 FYE)	12/31/2024	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Months Covered	6	12	12	12	12
Audit Method	Internal	Unqualified	Unqualified	Unqualified	Unqualified
Cash & Investments	$29,830,049	$34,905,203	$13,413,099	$14,442,002	$18,508,626
Net Worth	$48,059,141	$39,159,279	$23,542,007	$23,197,870	$20,527,771
Net Revenue	$83,574,795	$157,743,290	$161,907,260	$149,021,950	$140,543,291
EBITDA	$11,103,362	$20,987,546	$4,625,783	$6,928,468	$4,988,398
Net Income	$8,898,739	$15,617,272	$344,137	$2,670,099	$294,627
Debt Service Coverage Ratio	9.98	2.59	5.34	3.09	2.11
Current Ratio	2.77	1.83	1.56	1.50	1.75
Days Cash on Hand	74	89	32	37	49

For the 6-month period ended December 31, 2024, the District had a net income of $8,898,739 compared to a budgeted net income of $42,827,991. This resulted in a debt service coverage ratio of positive 10.05. The District had $29.83M in cash, equal to 74 days cash on hand.

Assessment:

Profitability:	12/31/2024 (6 mo.): $8,898,739
Liquidity:	Days Cash on Hand: 74
Debt Service Reserve Fund:	100% funded: $936,400
Debt Service Payments:	Current
HFCLIF:	3/1/2026 (P&I): low probability
CEO:	Mary Casillas
CFO:	Mark Robinson

Account Manager: Lauren Hadley **Supervisor:** Consuelo Hernandez

III. Financial Performance Problems

Project: Hill Country Community Clinic **Number:** 1034

Description:
Hill Country Community Clinic (Corporation) is a California nonprofit public benefit corporation under Section 501(c)(3) of the Internal Revenue Code. The Corporation owns and operates a healthcare facility in Round Mountain, Shasta County, to provide primary care and health education services to the Northeast portion of the County. In addition, the Corporation also operates a clinic and homeless shelter for transitional youth in Redding, Shasta County, namely Center of Hope (COH), to provide primary care, mental health, and chiropractic service. In December 2004, the Corporation earned a Section 330 Federally Qualified Health Center (FQHC) designation.

In October 2007, the Department insured a bond series in the amount of $5,250,000 for the Corporation (2007 Bonds). The 2007 Bonds were used to finance an expansion project that added a 12,500-square-foot space onto the Corporation's existing Round Mountain facility for housing, six new medical exam rooms, three dental operatories, a mental health suite, a teen activity center, a new helicopter landing pad, and storage facilities.

The 2007 Bonds were refinanced in November 2016 in an amount of $4,420,000 (2016 Bonds). The outstanding balance of the 2016 Bonds is $3,070,000.

On November 6, 2019, the Department consented to an additional $10 million indebtedness acquired by the Corporation from Nonprofit Finance Fund and Dignity Health Partners to structure a New Market Tax Credit (NMTC) transaction that would finance the construction of COH, which was opened in July 2021. Beginning on December 15, 2021, quarterly principal and interest payments of $194,325 are payable on the 15th day of March, June, September, and December. All unpaid principal and interest due will be paid in December 2026.

Background:
The Corporation's operating income started dropping during the COVID-19 pandemic beginning in 2020. In 2022 and 2023, the Corporation's financial performance got worse and recorded net loss of $1.5 million and $3.7 million respectively. The Corporation's cash depleted quickly from $1.7 million in 2021 to less than $500k in 2022, due to operating losses and construction of the COH. Based on the financial performance ended December 31, 2022, the auditor, FORVIS LLC, opined in the audit report for Fiscal Year 2020 that due to decreased working capital, coupled with the additional debt service payments required to be made in relation to the COH project, and the impact of the COVID-19 pandemic raises substantial doubt about the Corporation's ability to continue as a going concern.

Cal-Mortgage staff made a site visit at the Corporation on August 18, 2023, and took a tour of the COH, which opened in July 2021 as the Corporation's flagship clinic site located in Redding. During the meeting with the CEO and CFO at the COH, the CFO expressed that the Corporation is facing serious liquidity problem due to changes of reimbursement requirements from the County, broken revenue cycle; physician and medical staff turnover; and dropping utilization. The CEO also admitted the COH was overbuilt for current demand for services and has caused a huge financial burden, which coincided with the COVID-19 pandemic that brought adverse impact to the Corporation's operation.

The Corporation and Shasta Community Health Center (SCHC) entered into an Asset Purchase Agreement on April 22, 2024, by which the Corporation transferred the ownership of COH and the respective NMTC loan to SCHC. In return, the Corporation received $5.6 million cash from the transaction. After partial payment of overdue unsecured debts and settling the outstanding professional fee such as the legal fee for the transaction, business consultant fee, and service fee for fiscal audit, the Corporation maintained $3 million cash for operations in May 2024.

<u>Current Situation</u>: (As of March 25, 2025) **<u>Risk Rating</u>: C**

According to the latest financials provided by the Corporation on March 25, 2025, cash will be maintained above $3.0 million through the end of 2025. Monthly bond payments are made punctually.

In May 2024, the Corporation re-engaged FORVIS as their auditor to conduct audit filings for FYE 2021 to FYE 2023. The FYE 2021 audit is still underway, with some findings to be cleared with Division of Financial Integrity of the Health Resources and Services Administration. Meanwhile, the auditor is also asking for financial covenant waivers and failing to submit financial statements for FYE 2021 to 2023. Cal-Mortgage is working with the Corporation and the auditor on the waiver request but cannot process the request until it receives a draft of the audit financial statements.

The Corporation provided highlights of financial activities as of February 2025, which showed a net income of $198K for the first two months of this year. Cash balance maintained at above $3.7 million.

The following table shows key financial statistics of the Corporation.

Dollars in '000	Audit	Draft Internal (subject to reconciliation*)				
	2020	2021	2022	2023	2024	2.2025
Cash & Equivalents	1,864	1,765	520	1,386	3,331	3,757
Total Assets	51,592	49,514	48,370	49,060	47,697	48,277
Total Liabilities	44,139	39,643	42,483	46,051	48,160	49,578
Net Worth	7,453	9,871	5,887	3,009	(1,055)	(1,301)
Net Income	1,186	820	(1,509)	(3,656)	(1,565)	1,986
Debt Service Coverage Ratio	2.66	2.40	1.01	(4.63)	0.38	1.31
Days Cash on Hand	41.91	34.66	8.47	24.07	90.95	75.43
Current Ratio	0.86	1.37	0.91	0.84	0.82	0.71
*According to the Corporation's CFO, figures such as Total Assets, Total Liabilities, and Net Worth in the draft internal financial statements are preliminary and subject to review and reconciliation. In addition, the COH transaction has not been reflected in the balance sheet of 12.2024 and after.						

<u>Assessment</u>:

Profitability:	2/28/2025 (2 mo.): $198,613.40
Liquidity:	Days Cash on Hand: 75.43
Debt Service Reserve Fund:	100% funded: $142,600.94
Debt Service Payments:	Current
CEO:	Jo Campbell
CFO:	Christi Hines

Account Manager: Dennis Lo **Supervisor:** Consuelo Hernandez

V. Resolved Defaulted Projects

Project: Verdugo Mental Health **Number:** 0973

Description:
The Las Candelas Nonprofit Group, in conjunction with the Glendale Hospital, established the Verdugo Mental Health Center (Clinic) in 1957. Services focused on abused and emotionally disturbed children, seriously mentally ill adults, and those recovering from substance abuse and other addictions. In December 1993, the Department insured a loan to purchase, renovate, and equip an outpatient/administrative facility. This loan was refinanced in April 2005 for the balance of $810,000. In April 2006, the Department approved a $5,505,000 loan to construct a 14,740 square foot outpatient clinic. The clinic is a two-story building with partial subterranean parking, joined with existing retrofitted, 4281 square foot clinic.

Background:
Verdugo filed Chapter 7 bankruptcy due to a special education local plan area liability of $566,000, growing net losses resulting from cuts in reimbursements for patient services, and declining fundraising. On December 9, 2010, the Department issued a Declaration of Default and Notice to Cure for $5,220,000.

All bonds were redeemed by the trustee on April 18, 2011, using funds drawn from the HFCLIF and the balance of the trustee accounts, which was $5,732,382.18. A $5,000,000 bankruptcy court order approved, HCAI financed sale to DiDi Hirsch Psychiatric (DiDi Hirsch) closed on May 13, 2011.

Current Situation: (as of March 6, 2025) **Risk Rating: None**
The March 2025 amortized payment of $21,080.20 was made on March 6, 2025. The current outstanding balance is $3,695,742.80. The 2024 audited financial statements were received on February 11, 2025.

Assessment:

Profitability: (DiDi Hirsch)	$3,972,218 (6/30/24 Audit)
Liquidity: (DiDi Hirsch)	$24,239,782 cash & investment (6/30/24 Audit)
DSCR: (DiDi Hirsch)	6.05 (6/30/24 Audit)
Loan Balance:	$3,695,742.80
Payments:	Current (3/6/2025)
Final Maturity:	6/1/2044
Interest Rate:	3%
Payment Terms:	$21,080.20 monthly until maturity on 6/1/2044

CEO: Jonathan Goldfinger, MD **CFO:** Howard Goldman

Account Manager: Dennis Lo **Supervisor:** Consuelo Hernandez

V. Financial Performance Problems

Project: California Nevada Methodist Homes **Numbers:** 1018, 1053

Description:
California Nevada Methodist Homes (Corporation) was founded over 60 years ago. It operates two continuing care retirement communities (CCRCs)–Forest Hill Manor (FHM) in Pacific Grove and Lake Park Retirement Residence (LPRR) in Oakland.

Background:
On October 1, 2015, the Department of Health Care Access and Information (Department) insured Revenue Bonds Series 2015 (Bonds) for the Corporation in the amount of $32,920,000. The Bonds were used to refinance the Department insured 2006 bonds and fund $6.3 million in capital improvements.

The Corporation has had several financial setbacks dating back to 2007, which contributed to its net losses since Fiscal Year End (FYE) 2009. Approximately $27.5 million of the $42.3 million 2006 bonds were used for the expansion of FHM. Construction was scheduled to be completed in late 2007, but construction was delayed by 16 months. The construction delays caused the opening of FHM to be set back until March 2009, right at the beginning of the recession. By March 2009, Independent Living (IL) cottage deposits had declined, and the Corporation has not been able to increase occupancy at FHM. The purpose of the 2015 Bonds was to provide interest rate savings, along with an additional $6.3 million for renovations and upgrades to the Corporation's facilities. The renovations were believed to be necessary to improve occupancy and increase the marketability of vacant IL units. The units have not sold at the pace that was projected in the feasibility study done by Bill Hendrickson at the time of the bond closing.

On March 16, 2021, the Corporation filed a voluntary petition commencing Chapter 11 for relief under the Bankruptcy Code continuing in possession of its property and operation of its businesses as debtor-in-possession (DIP). The Corporation missed the monthly debt service payments from February 2020 through December 2022. On December 6, 2022, the sale of the Corporation to Pacifica Companies LLC (Pacifica) was finalized. The Department elected to accelerate the bonds per section 7.2 of the Indenture and the bonds were paid in full and redeemed on March 3, 2023. The Plan of Liquidation was approved during the court hearing on June 30, 2023, and became effective on July 5, 2023. The Department received a wire of $2,358,613.01 on July 6, 2023. The wire was the amount due to the Department as part of the liquidation plan.

On September 8, 2023, the Corporation entered a final decree to close the Chapter 11 case with the Bankruptcy Court. The final decree was approved by the Court on October 4, 2023.

Current Situation: (as of March 21, 2025) **Risk Rating: N/A**
There are some unresolved disputes over administrative expense claims still to be resolved, it is anticipated that there is no money left in the reserve account to be recouped. Any money left after all expenses have been paid will be returned to the Department. The Department's legal counsel is reaching out to the bankruptcy attorney to confirm if any money is left in reserve account and how much will be returned to the Department.

Under the amended Purchase Sale Agreement, the Department and Pacifica have negotiated a workout plan that involved a carryback secured note (Note) with Pacifica dba Lake Merritt Senior Living LLC as the obligor. The Note is secured by a Deed of Trust recorded against LPRR. The Note is for $15 million and amortized over 240 months, but payable in full on or before month 120. Interest is 3 percent, and a $3 million loan forgiveness will be issued upon payoff. Pacifica has made the monthly payment of

$83,189.64 from January 2023 to March 2025. The current outstanding balance is $13,725,439.13.

Assessment:
Pacifica CEO: Deepak Israni
Pacifica Counsel: Thomas P. Sayer

Account Manager: Tom Wenas **Supervisor:** Consuelo Hernandez

Agenda Item 6d – Deputy Director's Reports

1. Distressed Hospital Loan Program
2. Small and Rural Hospital Relief Program

CAL MORTGAGE LOAN PROGRAM

The Cal-Mortgage Loan Insurance Program (Cal-Mortgage) administers the California Health Facility Construction Loan Insurance Program. Cal-Mortgage provides credit enhancement for eligible healthcare facilities when they borrow money for capital needs. Cal-Mortgage has insured almost 600 loans valued at over $8.7 billion for healthcare infrastructure since inception in 1971.

Program Benefits

- Only available to nonprofit and public health facilities
- Up to 30-year loan term
- Low fixed interest rates
- Up to 95% financing for loans under $10 million
- Up to 90% financing for loans over $10 million
- No credit-rating required
- Reduced premium for credit-rated borrowers
- Guaranteed by the State of California

Use of Funds

- Acquisition
- Construction
- Renovation
- Equipment
- Refinancing

Eligible Health Facilities

- Acute Care Hospitals
- Adult Day Health Centers
- Alcohol Recovery Facilities
- Blood Banks
- Chemical Dependency Facilities
- Community Clinics
- Community Mental Health Facilities
- Developmental Disability Facilities
- Diagnostic or Treatment Centers
- Group Homes
- Multi-level Care Facilities (operated by a health facility)
- Office & Central Service Facilities (operated by a health facility) Outpatient Facilities
- Psychiatric Facilities
- Public Health Centers
- Rehabilitation Facilities
- Skilled Nursing/Intermediate Care Facilities

Contacts

Cal-Mortgage Loan Insurance Program
2020 West El Camino Ave.,
Suite 1231, Sacramento, CA 95833

(916) 319-8800

cminsure@hcai.ca.gov

hcai.ca.gov/construction-finance/construction-financing/

HCAI Department of Health Care Access and Information

CAL MORTGAGE LOAN INSURANCE PROGRAM

DISTRESSED HOSPITAL LOAN PROGRAM (DHLP)

The Department of Health Care Access and Information (HCAI), in partnership with the California Health Facilities Financing Authority (CHFFA), administered the DHLP to provide loans to not-for-profit and public hospitals in significant financial distress. Loan terms: 1) zero-percent interest, 2) 72-month maturity, with an 18-month grace period before repayment, and 3) secured by Medi-Cal revenue.

Program Evaluation Criteria

Four primary areas of focus were reviewed and weighted scoring was used to evaluate loan applications:

- **Liquidity – 35%**
- **Turnaround Plan – 25%**
- **Profit/Loss Analysis – 20%**
- **Community Need – 20%**

Loan Modification

Loan Awardees may qualify for loan modification if they do not meet a set of financial metrics, known as Stable Financial Ratios:

- Greater than 60 Days Cash on Hand
- Greater than 1.5x Debt Service Coverage Ratio; and
- Greater than 2.0x Current Ratio

The loan modification application process involves two steps:

Step 1

Apply for a 12-month extension of the payment deferral period and the maturity date of the DHLP loan.

Step 2

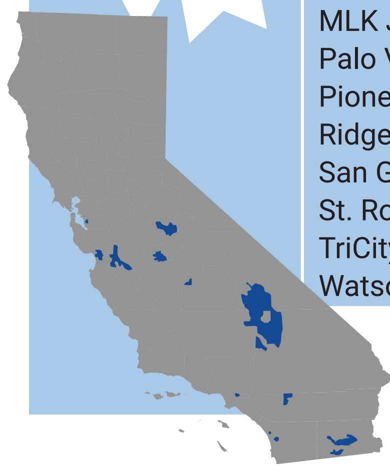
If applicant continues to experience financial distress, submit a loan forgiveness application for the succeeding 12 months of debt service.

Applicants may reapply each year for loan modification if they continue to experience financial distress.

Awarded Hospitals

30 applications and 16 hospitals were awarded loans based on the evaluation criteria.

Chinese	$10.35M
Dameron	$29.00M
El Centro	$28.00M
Hazel Hawkins	$10.00M
John C. Fremont	$9.35M
Kaweah Delta	$20.75M
Madera	$57.00M
MLK Jr. Community	$14.00M
Palo Verde	$8.50M
Pioneers Memorial	$28.00M
Ridgecrest	$5.50M
San Gorgonio	$9.80M
St. Rose	$17.65M
TriCity	$33.20M
Watsonville	$8.30M



Turnaround Plan Highlights

During COVID-19, California hospitals had significant financial challenges including high ICU utilization, staffing shortages and high expenses. Coupled with this was the loss of revenue from elective and non-urgent surgeries.

Hospitals DHLP Funds

- Short-term operational cash flow
- Clinical expansion into new programs
- Offsetting high registry nursing costs
- Payoff higher debt costs
- Capital Projects
- EMR/Software Upgrades

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Department of Health Care Access and Information

SMALL & RURAL HOSPITAL RELIEF PROGRAM (SRHRP)

SRHRP provides grants to qualified small, rural and Critical Access hospitals for the purpose of funding seismic safety compliance projects. SRHRP encourages applicants to apply where seismic safety impose significant financial burden that may result in closure of the facilities and the closure would substantially impact the accessibility to health care in the hospital community. SRHRP would focus on Applicants who operate in Medically Underserved Areas and/or Medically Underserved Populations and/or Health Professional Shortage Areas as defined by Medical Service Study Areas.

Funding Available and Recent Awards

$58 million in Small and Rural Grant Funds Currently Available

Recent grant awards totaling $1.2 million

George L Mee Memorial Hospital	**$280,000**
For complete initial materials testing and condition assessment project for Main Hospital.	
Kern Valley Healthcare District	**$180,000**
For complete materials testing and condition assessment for KVHD Main Hospital Building.	
Mad River Community Hospital	**$625,000**
For HCAI construction project for Non-Structural Performance (NPC)-3 compliance of the main hospital building.	
Oak Valley Hospital District	**$65,000**
For Material Testing and Condition Assessment Program (MTCAP) reports, NPC 4, 4D, and 5 Evaluations, Preliminary Structural Performance Category (SPC)-4D evaluation.	
Plumas District Hospital	**$25,000**
For SPC 4D preliminary report.	

Don't wait… Apply today!

Apply Now

Check Eligibility

Contacts

For more information, please contact the Small and Rural Hospital Relief Program at ***srhrp@hcai.ca.gov*** or ***(916) 319-8800.***

Program Information

Eligible Hospitals

Hospitals that meet any of the following criteria are eligible for the SRHRP:

- Small hospitals defined as having fewer than 50 licensed general acute care beds.
- Rural hospitals defined as having a Rural or Frontier designation status in the Medical Service Study Area.
- Critical Access Hospitals are those possessing this designation from the Centers for Medicare and Medicaid Services.

Grant funding will be awarded to eligible facilities based on cost-efficient project readiness, community need and financial status.

Funding Amounts

The funding amount is determined by the amount of excise taxes collected from the sale of electronic cigarettes. Projections estimate $2-3 million will be collected annually available to distribute.

Funding Areas

Grant awards can be applied towards initial seismic evaluations, design planning, or seismic construction compliance.

Grant Applications Open

Grant applications are being accepted as of the second quarter of 2023.

Application Deadline

Applications are continuously accepted, and grants funds are ranked by eligibility and project readiness, issued quarterly, based on available funding.

Application Tracking

You can check the status of submitted applications by logging into HCAI Funding Portal. As funding becomes available and awards are given, recipients will be sent an award letter detailing next steps.

HCAi Department of Health Care Access and Information

Small and Rural Hospital Relief Program