Department of Health Care Access and Information

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN INSURANCE PROGRAM

2017, 2019, 2021 CONSOLIDATED STATE PLAN

MARCH 2023

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“A healthier California where all receive equitable, affordable, and quality health care.”

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Appreciation to all who contribute to the Loan Insurance Program's success.

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Introduction and Purpose

Created in 1969 and modeled after federal home mortgage guarantee insurance programs, the California Health Facility Construction Loan Insurance Program (Cal-Mortgage Program), managed by the Department of Health Care Access and Information (HCAI), formerly the Office of Statewide Health Planning and Development, assists public and nonprofit healthcare facilities to obtain private financing, without cost to taxpayers, to develop or expand their services in communities throughout California.

The Cal-Mortgage Program objective is to stimulate the flow of private capital into nonprofit and public health facility construction in order to assure accessibility to needed healthcare services.

The passage of Assembly Bill (AB) 282 (Torlakson, Chapter 848, Statutes of 1999) in October 1999, with amendments to Section 129020 of the Health and Safety Code, requires HCAI to develop a state plan every odd-numbered year for the Cal-Mortgage Program. See Exhibit I for the Health and Safety Code reference.

This state plan contains information for six fiscal years ended June 30, 2015, through June 30, 2020, unless specifically noted otherwise. The consolidation of six fiscal years (three state plan periods) is the result of several factors, including staffing challenges, changes in accounting systems, a proposed change in the statutory requirement to prepare the report, and a shift in workload priority during the early months of the COVID-19 pandemic. These challenges have been addressed and this state plan will be followed with a state plan in 2023, with information as of June 30, 2022.

The Consolidated 2017, 2019, and 2021 State Plan provides a summary of the Cal-Mortgage Program, identifies current trends that affect the Cal-Mortgage Program, and specifies goals and objectives in order to promote equitable access to health care for all Californians.

I. Status Report of the Cal-Mortgage Program

History of the Cal-Mortgage Program

The Cal-Mortgage Program was authorized in 1968 by an initiative vote (Proposition 5), which added the following section to the State Constitution (Article 16, Section 4):

> "*The Legislature shall have the power to insure or guarantee loans made by private or public lenders to nonprofit corporations and public agencies, the proceeds of which are to be used for the construction, expansion, enlargement, improvement, renovation or repair of any public or nonprofit hospital, health facility, or extended care facility, facility for the treatment of mental illness, or all of them, including any outpatient facility and any other facility useful and convenient in the operation of the hospital and any original equipment for any such hospital or facility, or both.*"

Legislation enabling the Cal-Mortgage Program was enacted in 1969.

The Cal-Mortgage Program has assisted non-profit healthcare facilities in obtaining private financing to develop or expand health facilities and services in communities throughout California at no cost to taxpayers. Without such a guarantee, many of these facilities could not arrange the financing required to serve their communities.

Under the administration of HCAI, the Cal-Mortgage Program insures loans to nonprofit and public healthcare facilities for construction projects that improve access to needed healthcare. HCAI can insure loans to non-profit public benefit corporations or public entities (i.e., cities, counties, and municipalities including healthcare districts and joint powers authorities) in which the State of California guarantees the payments of principal and interest on the loans. The loan insurance allows the borrower to access lower interest rates, similar to the tax-exempt bond rates available to the state. See Exhibit II for more information regarding loan insurance.

The California Health Facility Construction Loan Insurance Law (Insurance Law) established the Health Facility Construction Loan Insurance Fund (Insurance Fund). The Insurance Fund is used as a depository of fees and insurance premiums and may only be used to pay administrative costs of the Cal-Mortgage Program and payment shortfalls resulting from defaults by insured borrowers. As a trust fund, the Insurance Fund and the interest (or other earnings) generated may not be used for non-program purposes.

The Cal-Mortgage Program was validated by the California Supreme Court in 1971, which determined that both the constitutional amendment and the enabling legislation creating the Cal-Mortgage Program were constitutional.

In 1972, the Cal-Mortgage Program insured its first loan with the full and unconditional state guarantee of the loan.

The enabling legislation required the Cal-Mortgage Program to develop a plan and allocate loan insurance based on its findings.

In 1976, the Certificate of Need statutes were enacted, which required health facilities to go through an independent review process to assure that a community need existed for projects prior to construction. During the years the Certificate of Need program was active, the statutes were amended to delete the separate planning requirement. In 1979, the statutes were revised to require that a Certificate of Need or a Certificate of Exemption be obtained as a condition for loan insurance eligibility.

When the Certificate of Need program was suspended in 1987, HCAI requested the California Health Policy and Data Advisory Commission (CHPDAC) form a task force to assess the continuing need for the Cal-Mortgage Program. The task force concluded that the Cal-Mortgage Program performed a valuable function and recommended that (1) a total dollar cap on loan guarantees was needed, which could be re-evaluated periodically by the Legislature; and (2) the Cal-Mortgage Program should be guided by a non-regulatory state plan.

HCAI sought legislation to implement these two recommendations. Senate Bill (SB) 1293 (Maddy, Chapter 898, Statutes of 1989) was enacted on January 1, 1990 and established the requirement for the Cal-Mortgage Program to develop a state plan and allocate resources according to that plan. SB 1293 also established a $2 billion cap on loan guarantees.

In 1991, legislation raised the cap on loan guarantees to $2.5 billion. It also provided that the cap could be raised to $3 billion, with the completion of a state plan. The first state plan was published in July 1992. The cap was raised to $3 billion, effective January 1, 1993.

In September 1993, Triad Healthcare Corporation defaulted on an insured loan of $167 million. Due to this large default, HCAI declared a moratorium on new applications. A review of the Cal-Mortgage Program found that it could continue to be administered without cost to the state. Due to the findings of this review, the moratorium was lifted, and the Cal-Mortgage Program began accepting new applications in May 1994.

Since the Cal-Mortgage Program's inception, the Advisory Loan Insurance Committee (ALIC) has reviewed loan insurance applications, including Cal-Mortgage Program staff analyses, and made recommendations to the HCAI Director. ALIC is comprised of public and government members with experience or expertise in areas of finance, healthcare facility management, healthcare policy, and construction.

During the moratorium, ALIC was restructured. In 1995, regulations were amended to increase the number of members on ALIC from seven to nine, and to include a member from the Department of Finance. Pursuant to the regulations, HCAI appointed new members to ALIC.

In order to strengthen the Cal-Mortgage Program’s ability to deal with facilities in serious financial trouble, SB 1705 (Russell, Chapter 414, Statutes of 1994) gave HCAI authorization to assume or direct managerial control of borrowers in default.

In October 1998, a report by the California State Auditor identified opportunities to improve the review of applications and the monitoring of insured borrowers. The Cal-Mortgage Program implemented the recommendations made in the Auditor’s report. The most significant items were: (1) establishing written guidelines for the review of loan applications; (2) utilizing financial analysis software to analyze an applicant's financial performance; (3) upgrading and reprogramming the project database to assist the staff and management in monitoring borrowers; and (4) preparing, in conjunction with HCAI accounting staff, an ongoing report of assets and liabilities related to defaulted projects.

During the 1998-99 legislative session, a cooperative effort by the State Legislature, the State Auditor's staff, and HCAI staff, resulted in passage of AB 282. The statutes made changes to improve the Cal-Mortgage Program. The legislation (1) authorized a one-time, up-front insurance premium; (2) established, in law, the ALIC with expanded responsibilities; (3) clarified that the biennial state plan be prepared in odd-numbered years; and (4) required preparation of annual reports to the legislature.

Developments Since the 2015 State Plan

Implementation of Priority Needs Identified in the 2015 State Plan

The 2015 State Plan established certain priorities, which are indicated in the following summary. The Cal-Mortgage Program’s activities have reflected these priorities. During the period of July 1, 2014 through June 30, 2020, the Cal-Mortgage Program insured 44 loans. Of note, since a loan may address more than one priority area, the combined total of all priority areas exceeds the total of 44 new loans.

1) Ten loans were used in medically underserved areas or served medically underserved populations.
2) One loan was used to meet compliance with hospital seismic safety standards (SB 1953 [Alquist, Chapter 740, Statutes of 1994]).

3) Eight loans to investment grade rated borrowers enhanced the actuarial stability of the Cal-Mortgage Program.
4) Twenty-seven loans were used to assist special needs populations, including the elderly, children, and persons with mental or developmental disabilities, by creating community-based treatment environments.
5) Eleven loans were used to promote access to primary care services.
6) Twenty-one loans were used for projects that provide innovative solutions to healthcare delivery problems. These may include projects that promote the development of healthcare networks in rural areas, projects that provide integrated services for persons with chronic health conditions, or projects that develop a continuum of care.
7) Six loans were used to purchase new technologies that improved access to needed care or improved the quality of care.
8) Seventeen loans were refinanced to lower interest rates that reduced the risk to the Insurance Fund.
9) Three loans were used to build infrastructure to absorb the influx of patients as a result of the Affordable Care Act.

See Exhibit III for a list of the loans insured from July 1, 2014 through June 30, 2020.

Changes in the Portfolio

The Cal-Mortgage Program's insured loan portfolio increased 6.5 percent, from $1.67 billion on June 30, 2014, to $1.78 billion on June 30, 2020 (see Exhibit IV). The number of insured loans decreased by 31, from 109 on June 30, 2014, to 78 on June 30, 2020 (see Exhibit V). The cash balance of the Insurance Fund decreased by 6.0 percent, from $174.3 million on June 30, 2014, to $163.8 million on June 30, 2020 (see Exhibit VI). See Exhibit VII for a list of the insured loans in the Cal-Mortgage Program portfolio as of June 30, 2020.

The portfolio when organized by facility type is compared by two methods: (1) the number of loans, and (2) the outstanding principal balance of loans. When based upon the number of loans, the portfolio facility-type mix changed between June 30, 2014 and June 30, 2020 (see Exhibit VIII). The number of hospitals, hospitals/healthcare districts, primary care clinics and chemical dependency recovery facilities in the portfolio decreased by two, five, seventeen, and fourteen, respectively. The number of multi-level facilities increased by twelve during the same period. When based upon the outstanding principal balance of loans, the portfolio facility-type mix changed between June 30, 2014 and June 30, 2020. Whereas the outstanding principal amount of multi-level retirement communities increased by 57.8 percent and the outstanding principal amount for skilled nursing facilities increased three-fold, the outstanding principal balance attributed to hospitals and hospitals/healthcare districts decreased by 32.3 percent (see Exhibit IX). See Exhibits X and XI for a list of the insured loans sorted by facility type.

Changes to the Estimated Net Assets

The Estimated Net Assets (refer to Exhibit XII) are determined by taking the cash balance of the Insurance Fund, adding the value of anticipated recoveries (obligations due to the Cal-Mortgage Program from defaulted loans), and subtracting the long-term liabilities (obligations of the Cal-Mortgage Program for defaulted loans). The Estimated Net Assets of the Cal-Mortgage Program increased by $43.1 million, from $112.5 million on June 30, 2014, to $155.6 million on June 30, 2020.

Cal-Mortgage Program Operations

Administration

As part of the California Health and Human Services Agency (CalHHS), HCAI's mission is to expand equitable access to quality, affordable health care for all Californians through resilient facilities, actionable information, and the health workforce each community needs. This work leads to HCAI's vision of "a healthier California where all receive equitable, affordable, and quality health care."

HCAI administers the Cal-Mortgage Program. For Fiscal Year (FY) 2019-20, the Cal-Mortgage Program was authorized for 18 employees and an annual budget of $4.28 million.

ALIC provides HCAI with technical review and analysis of loan insurance applications. ALIC independently recommends to the HCAI Director whether an application should be approved and whether additional conditions should be attached to an approval. ALIC also assists the HCAI Director in formulating Cal-Mortgage Program policy. ALIC is statutorily comprised of nine members. The members have experience or expertise in areas of finance, healthcare facility management, healthcare policy, and construction. Eight members are appointed by the HCAI Director, seven of which must be from outside state government and one from within state government. The Director of Finance may appoint a ninth member and that person must be from within state government.

CHPDAC had assisted HCAI by providing general advice through a periodic review of the Cal-Mortgage Program and serving as a review body for those applicants whose applications were not approved for loan insurance by ALIC. Since the Cal-Mortgage

Program’s inception in 1972, one hearing was requested and conducted. On June 28, 2011, the Governor approved AB 106 (Committee on Budget, Chapter 32, Statutes of 2011), which eliminated CHPDAC effective January 1, 2012. With the dissolution of CHPDAC, its responsibilities were transferred to HCAI.

The Insurance Law established the Insurance Fund. The Insurance Fund is used as a depository of fees and insurance premiums. It is deposited in the California Surplus Money Investment Fund (SMIF) managed by the State Treasurer's Office and earns interest equivalent to the rate earned by other state treasury funds. The Insurance Fund is a trust fund and may only be used to pay administrative costs of the Cal-Mortgage Program and payment shortfalls resulting from defaults by insured borrowers. As a trust fund, the Insurance Fund and interest (or other earnings) generated may not be used for non-program purposes.

HCAI contracts for actuarial and consultant services and obtains legal services from the HCAI Legal Office, the State Attorney General's Office, and private law firms on specific items.

The Cal-Mortgage Program provides reports to the HCAI Director, the CalHHS Agency, and the State Legislature. The Cal-Mortgage Program prepares monthly and annual reports detailing Cal-Mortgage Program activity, the cash balance of the Insurance Fund, and, in conjunction with the HCAI accounting staff, the assets and liabilities of the Cal-Mortgage Program (see Exhibit XII for the Estimated Net Assets). In even-numbered years, HCAI contracts for an actuarial study of the Cal-Mortgage Program (refer to the *Actuarial Study* section for a summary of this report). Beginning in the fiscal year ending (FYE) June 30, 2000, the Cal-Mortgage Program has annually prepared two reports for the Legislature: (1) Financial Status of the California Health Facility Construction Loan Insurance Program and Insured Portfolio and (2) Borrowers’ Compliance with their Community Service Obligations.

The most recent reports on the activity of the Cal-Mortgage Program are available on the Cal-Mortgage website and archived reports are available upon request.

Application Process

Loan insurance applications for new or additional financing follow a six-step application and credit evaluation process. By structuring the process in several steps, or stages, Cal-Mortgage is able to make determinations about an application as early in the process as possible. In this way, if an applicant is not eligible, the applicant's costs are minimized.

Step One: The Cal-Mortgage Program staff conducts a preliminary review of the application to determine eligibility of the applicant for loan insurance and to generally assess the community need and feasibility of the proposed project.

Step Two: The applicant submits additional documentation that expands and confirms the information provided in the preliminary review. To initiate this review, the applicant must submit a $500 non-refundable application fee. The key question under consideration at this stage is whether the proposed project is financially feasible. Following written guidelines, staff assess the project and financial projections. The applicant's financial performance is analyzed using a financial analysis software program.

Staff evaluate other factors, including the project scope, demand for proposed services, expertise of the applicant's management team, and collateral. The applicant describes the community needs that the healthcare facility will meet and provides data and information to substantiate these needs. The Cal-Mortgage Program staff assess the proposed project's consistency with the state plan.

The Cal-Mortgage Program staff write a Project Summary and Feasibility Analysis (PSFA). The PSFA includes a recommendation for approving the application and a proposed set of conditions. Then, the application is scheduled for a review by ALIC.

Step Three: In a public meeting, ALIC reviews the application. This review provides an independent analysis of the project and a forum for consideration of input from the general public. During this meeting, ALIC votes on whether to recommend the project for approval to the Director, and, if so, whether the applicant should meet additional specific conditions prior to the final issuance of the loan guarantee.

Step Four: Following the ALIC meeting, the HCAI Director decides to approve or disapprove the application, and to apply any additional conditions.

If the HCAI Director concurs with the approval recommendation of the Cal-Mortgage Program staff and ALIC, a letter of commitment is issued specifying any conditions the applicant must meet prior to the issuance of loan insurance.

Step Five: Prior to the closing of the loan transaction, the applicant must provide the Cal-Mortgage Program with documentation that conditions contained in the commitment letter have been met.

Step Six: The final step is the close of escrow, at which point the loan is funded and loan insurance is effective. Loans are secured by a first mortgage, first deed of trust, or other first priority lien and other security in the borrower's assets. In addition, borrowers are subject to regulatory agreements, which specify conditions, covenants, and restrictions.

See Exhibit VII for alphabetical listings of insured loans. See Exhibit X and XI for the portfolio's insured risk and insured loans based on the type of facility. See Exhibits XIII and XIV for the portfolio's insured risk and insured loans sorted by county.

Fees and Charges

The Cal-Mortgage Program charges a $500 application fee, a one-time certification and inspection fee of 0.4 percent of the insured loan amount, and an insurance premium. The insurance premium for new loans is a one-time up-front amount not to exceed 3.0 percent of the total principal and interest on the loan. Statutes allow for a discounted premium for those applicants who obtain a credit rating or assessment from Standard & Poor's (S&P), Moody's, or Fitch. In addition, statutes allow for a discounted premium for those borrowers that refinance existing insured loans and originally paid an up-front premium.

Loan Monitoring

The Cal-Mortgage Program monitors each borrower during the construction phase of its project and throughout the life of the loan for compliance with loan covenants.

The Cal-Mortgage Program staff monitors the entire construction process when a loan is used for the construction or remodeling of a healthcare facility. Staff conduct site visits throughout the construction period to verify completion of work and to authorize payment for construction expenses. These site visits allow the staff to identify any issues that may affect the timeline or cost of the construction project. Staff suspended physical site visits in March 2020 for safety reasons due to the COVID19 pandemic. Cal-Mortgage staff did, when necessary, perform virtual inspections on drawdowns of construction funding. Staff is resuming in-person site visits when they can be conducted safely.

The Cal-Mortgage Program staff monitors each borrower for financial performance and compliance with loan covenants throughout the life of the loan. The monitoring process entails reviewing quarterly/monthly financial statements, annual audited financial statements, monthly trustee statements for payment information, annual budgets, insurance coverages, attending board meetings, and annual site visits. These site visits enable staff to determine the continuing viability of the borrower to provide healthcare services in the community and to verify its ability to make timely payments.

The Cal-Mortgage Program staff monitors all borrowers and assigns a risk rating (A through F) for each loan. Risk ratings may be revised during the year as circumstances relating to a borrower change. The risk ratings have the following relationship to corresponding stages of default:

Cal-Mortgage Risk Rating	Risk Rating Definitions
A	no problems
B	minor problems
C	moderate problems
D	serious problems; missed payments and debt service reserve fund used
E	payment default; Insurance Fund used and full recovery expected
F	payment default; Insurance Fund used and loss expected

A computer database is maintained detailing all borrowers and insured loans. Various monitoring reports are generated from the database.

Remedies for Loans with Problems

When an insured borrower fails to submit a required payment or defaults on the contractual terms or covenants of the insured loan, the Cal-Mortgage Program staff informally communicates with the facility's management. To facilitate communication and collaboration, the Cal-Mortgage Program staff may visit the facility. The Cal-Mortgage Program's approach is to solve the problem by working with the facility's management and governing board to develop a plan of correction. If the borrower fails to submit the required plan or correct the default, a formal notice is sent in writing, stating the nature of the default. If the borrower further fails to submit a plan or submits a plan that is not feasible, then the Cal-Mortgage Program conducts additional on-site visits. If it is determined that the borrower is not making sufficient progress in submitting required plans or correcting defaults, the Cal-Mortgage Program may require the borrower, at the borrower's expense, to employ an independent consultant to conduct an audit of the facility's performance and make recommendations.

Other Practices to Lower Risk

The Cal-Mortgage Program requires the borrower, through a Regulatory Agreement, to certify periodically its financial performance and compliance in meeting required financial ratios. In addition, borrowers are required to obtain approval before taking on substantial additional debt or selling assets.

The Cal-Mortgage Program requires the borrower to maintain property and casualty insurance, such as fire, boiler, earthquake, general liability, and professional liability (malpractice).

The Cal-Mortgage Program reduces the risk to the Insurance Fund by requiring borrowers to maintain a Debt Service Reserve Fund (DSRF), to cover annual debt service of principal and interest in the event of missed payments.

Provisions to Assist Small Healthcare Facilities

A small healthcare facility is defined as one with a loan of less than $10 million. Small healthcare facilities may have loans insured up to 95 percent of the total construction cost, per Health and Safety Code, Section 129050(m). Small healthcare facilities are required to make at least a 5 percent equity contribution. This compares to a 10 percent requirement for large facilities, which have greater ability to generate an equity contribution.

Based on the number of loans in the Cal-Mortgage Program's portfolio as of June 30, 2020, 38 percent of the portfolio was related to small healthcare facilities, which include small community-based projects (e.g., primary care clinics, chemical dependency recovery facilities, group homes, mental health programs, etc.). For a listing and percentage of insured loans organized by loan size, see Exhibits XV and XVI. Alternatively, for a listing of the top ten largest borrowers, see Exhibit XVII.

Health and Safety Code, Section 129355(d) states that any state plan shall identify impediments that preclude small facilities from utilizing the California Health Facility Construction Loan Insurance Program and shall include programmatic remedies to enable small projects to utilize the Cal-Mortgage Program.

Two of the impediments that small healthcare facilities face when utilizing the Cal-Mortgage Program is the high cost of issuance associated with a bond issue transaction and the required equity contribution of 5 percent. A remedy for small healthcare facilities is to pool their bond issue with other facilities. This allows the cost of issuance to be shared among multiple facilities and makes the Cal-Mortgage Program a more viable option for the facilities.

The Cal-Mortgage Program consults with other governmental lenders, such as the U.S. Department of Housing and Urban Development (HUD) and the United States Department of Agriculture (USDA). HUD and the USDA both offer loans and grants to healthcare facilities that reduce the cost of borrowing through lower interest rates and costs of issuance.

The Cal-Mortgage Program has had success in providing loan insurance to several small facilities. It should be noted that healthcare delivery is constantly changing and evolving. To assure equitable accessibility, the Cal-Mortgage Program will continue to monitor the types of projects that it insures and remain alert to impediments that limit access to financing. See Exhibit XVIII for a list of pending applications of the Cal-Mortgage Program.

Actuarial Study

When the Cal-Mortgage Program was established in 1969, it was not funded with a capital reserve fund, as it was backed by the full faith and credit of the state. With the receipt of premiums and fees since 1972, the Insurance Fund balance was $163.8 million at the end of the FY 2019-20 (see Exhibits VI and XII). Despite the defaulted loans requiring payments from the Insurance Fund discussed in the following section, the Insurance Fund has maintained a positive balance.

Since 1992, the Cal-Mortgage Program has contracted every even-numbered year for an actuarial study. The most recent actuarial study is the 2020 Actuarial Study, which was conducted by Oliver Wyman and addressed the following objectives:

- Determine the reserve sufficiency of the funds in the Insurance Fund as of June 30, 2020, to adequately respond to potential foreseeable risks, including extraordinary administrative expenses and actual defaults.
- Assess the risk to the state's General Fund from the Cal-Mortgage Program.

As to the first item, Oliver Wyman found that when compared to California Department of Insurance (DOI) statutory standards for private insurance guarantors, there is a $15.27 million shortfall between DOI sufficient reserves and the Insurance Fund balance. This is an improvement from the 2018 Actuarial Study which showed the Cal-Mortgage not meeting the requirement by $19.92 million. When Cal-Mortgage was established the Insurance Fund was not funded. The Insurance Fund is exempt from the DOI reserve funds requirement. As to the second item, Oliver Wyman concluded that assuming "normal and expected" conditions, the Cal-Mortgage Program should maintain a positive Insurance Fund balance during at least the next 30 years. Oliver Wyman increased the probability of a catastrophic claim scenario by 300 basis points which would result in the Cal-Mortgage Program having funds until FY 2043-44. This is a slight improvement from the 2018 Actuarial study which projected a 22-year run-off in the Insurance Fund in the event of the worst-case default scenario.

Defaulted Loans

For purposes of this report, the Cal-Mortgage Program has defined a "default" as any loan requiring a payment on a borrower's insured obligation from the Insurance Fund. Under this definition, the count of loan defaults as of June 30, 2020, resulted from 20 borrowers with 28 loans. The number of defaults has not increased since the 2015 State Plan. As of June 30, 2020, six defaulted borrowers were still considered active for the following two reasons: 1) the Cal-Mortgage Program was making payments from the Insurance Fund on behalf of the borrower, or 2) the borrower has reached a settlement with the Cal-Mortgage Program and the defaulted borrower was making payments to the Insurance Fund. For past resolved defaults, please see prior State Plans.

Cal-Mortgage Payment Obligations as of June 30, 2020

As of June 30, 2020, the Cal Mortgage Program was still making payments out of the Insurance Fund for two defaulted borrowers. However, between June 30, 2020 and the release of this report, both of these defaulted borrowers were resolved and are noted in the borrower descriptions below.

Triad Healthcare Corporation/Sherman Oaks Health System
Triad Healthcare Corporation (Triad) was a nonprofit corporation formed to purchase two hospitals, located in Sherman Oaks and Canoga Park, from a for-profit corporation.

In 1991, the Cal-Mortgage Program insured $142 million in short-term taxable notes to acquire the hospitals. In 1992, as part of the original financing plan, the short-term taxable notes were converted to long-term certificates of participation totaling $167 million.

In 1993, Triad defaulted on its loan as a result of losses from operations. In February 1994, Triad filed for Chapter 11 protection in Federal Bankruptcy Court. In April 1995, the borrower, renamed as Sherman Oaks Health System (Sherman Oaks), exited bankruptcy and continued operating Sherman Oaks Hospital and Medical Center. The second facility, West Valley Hospital, was sold, with the proceeds going to the Insurance Fund. The bankruptcy court restructured Triad's obligation to the Cal-Mortgage Program. The Cal-Mortgage Program was responsible for making the payments on the restructured debt. The Cal-Mortgage Program filed lawsuits against individuals and entities involved in the Triad financing to recover damages. As a result, the Cal-Mortgage Program received settlements of approximately $54 million.

Subsequent hospital operations were not sufficiently profitable to maintain required monthly debt payments. On December 30, 2005, Sherman Oaks Health System was sold to a for-profit entity for net proceeds of $16.6 million. The Attorney General consented to the sale. All proceeds from the sale were put into an escrow account and were used to defease bonds at the earliest call date of August 1, 2008.

The Cal-Mortgage Program recovered a total of approximately $80 million and no further recoveries are expected. The Cal-Mortgage Program continued to make all payments on the outstanding debt and a made final payment on August 1, 2021.

<u>Kern Valley Healthcare District</u>
In 1986, the Cal-Mortgage Program insured a loan for $12.9 million to Kern Valley Healthcare District (Kern Valley) to remodel and construct a 31-bed acute care hospital and 155-bed skilled nursing facility. During the construction process there were time delays, cost overruns, and changes to the scope of the project. In 1991, the Cal-Mortgage Program insured a loan for $20.6 million to refinance the original loan and for additional funding to complete the project. After the project was completed, Kern Valley experienced financial difficulties due to the higher debt service and lower than projected utilization. In 2000, the Cal-Mortgage Program insured a line-of-credit to provide emergency operational liquidity. In 2003, in order to realize interest expense savings and to reduce debt service, the Cal-Mortgage Program insured a loan for $17.8 million which refinanced the 1991 loan.

Kern Valley continued to experience financial difficulties and in July 2010 required payments from the Insurance Fund to subsidize its debt service. Kern Valley continued to struggle financially and required additional debt service relief through 2021. The

Insurance Fund continued to make supplemental debt service payments on Kern Valley's bond issue. The Cal-Mortgage Program and Kern Valley entered into a repayment agreement to replenish the Insurance Fund. In March 2021, Kern Valley repaid all previously advanced payments from the Insurance Fund and refinanced out of the Cal-Mortgage Program.

Borrowers Making Settlement Agreement Payments as of June 30, 2020

Below are four borrowers which defaulted on their loans and reached settlement agreements with the Cal-Mortgage Program. As of June 30, 2020, all four of the defaulted borrowers were making installment payments to the Insurance Fund. Between June 30, 2020 and the release date of this report, three of the four borrowers listed below met their obligations and repaid the Insurance Fund in full under the conditions of their respective settlement agreements. The repayments are noted in the borrower descriptions below.

Los Medanos Health Care Corporation

In 1990, the Cal-Mortgage Program insured an $11.1 million loan to the Los Medanos Health Care Corporation, owned by Los Medanos Healthcare District (Los Medanos), a healthcare district in Pittsburg. The project was for renovation and expansion of the hospital, paying off existing debt, and providing funds for capital projects.

In 1994, Los Medanos defaulted on the loan and subsequently filed for bankruptcy. Approximately $9.5 million was paid from the Insurance Fund. A settlement agreement was signed in September 1998. The Cal-Mortgage Program has recovered approximately $9.1 million. Recovery payments continued in the amount of $8,333 per month through March 2022, when the remaining balance was paid off.

Hermandad Mexicana Nacional, Inc.

In 1994, the Cal-Mortgage Program insured a $4.4 million loan to Hermandad Mexicana Nacional, Inc. (Hermandad) to acquire, renovate, and purchase equipment for two primary care and dental clinic properties located in Los Angeles and North Hollywood.

Hermandad failed to open the clinics and, as a result of a deteriorating financial condition, stopped making debt service payments in 1998. Beginning in December 1998, the Cal-Mortgage Program paid the debt service payments from the Insurance Fund. In May 1999, Hermandad leased the Los Angeles clinic to the East Los Angeles Health Task Force (ELAHTF) and began operations in the Los Angeles clinic without making any debt service payments. ELAHTF vacated the property in September 2005. In 2006, the Los Angeles property was marketed for sale. A purchase offer was accepted; however, the escrow was cancelled at the purchaser's request. Hermandad agreed to resolve various IRS and governmental tax liens and transferred the property to the Cal-Mortgage Program. The Cal-Mortgage Program took possession of the Los Angeles property in January 2009. In April 2009, the debt was accelerated and paid from the Insurance Fund. In September 2010, the Cal-Mortgage Program recovered $1.7 million from the sale of the Los Angeles property, which partially recovered the obligation amount. Hermandad agreed to a debt restructure agreement and made monthly payments on the remaining obligation amount. The payments continued monthly through the final payoff in July 2022.

Mendocino Coast Health Care District

In 1990, the Cal-Mortgage Program insured a loan for $4.0 million to Mendocino Coast Health Care District (Mendocino Coast) to expand its emergency room, clinical laboratory, surgery, and radiology department; this loan was refinanced in 1996 for $4.0 million. In 2009, the Cal-Mortgage Program insured a loan for $5 million to Mendocino Coast to construct and equip a diagnostic imaging center. In 2010, the Cal-Mortgage Program insured a loan for $2.8 million to Mendocino Coast to build and equip the central plant to meet SB 1953 seismic requirements and insured a line-of-credit for $1 million.

Mendocino Coast experienced financial difficulties in 2011 due to collections issues and higher operation costs. In October 2012, Mendocino Coast filed for voluntary bankruptcy protection. Mendocino Coast continued to make payments on the three insured loans. When Mendocino Coast entered bankruptcy, the bank declared the insured $1 million line-of-credit in default and the Insurance Fund was used to pay the principal balance in full plus accrued interest totaling $1,005,805. The Cal-Mortgage Program and Mendocino Coast reached an agreement to replenish the Insurance Fund. Mendocino Coast made monthly payments until the final payoff in March 2022.

Verdugo Mental Health/Didi Hirsch Psychiatric Service

In 1993, the Cal-Mortgage Program insured a loan for $1 million to Verdugo Mental Health (Verdugo) to purchase, renovate, and equip a new outpatient clinic and administrative facility; this loan was refinanced in 2005. In 2007, the Cal-Mortgage Program insured a second loan for $5.5 million to Verdugo to construct a new outpatient clinic.

Verdugo experienced financial difficulties when utilization at the new outpatient clinic did not meet projections. Its financial difficulties were further compounded by litigation that resulted in an unfavorable judgment. In 2011, Verdugo filed for bankruptcy and the bonds, totaling $5.6 million, were paid from the Insurance Fund. The property was sold out of bankruptcy to Didi Hirsch Mental Health Services (Didi Hirsch) with seller financing through a direct note to the Cal-Mortgage Program for $5 million plus interest. Didi Hirsch is currently making monthly payments with a maturity date of June 2044.

Borrower Default After June 30, 2020

Between June 30, 2020 and the release of this report, the following borrower defaulted and the Cal-Mortgage Program advanced funds from the Insurance Fund to make payments on two of their loans.

California Nevada Methodist Homes

California Nevada Methodist Homes (Cal-Nevada) operates two continuing care retirement communities: Forest Hill Manor (FHM) in Pacific Grove and Lake Park Retirement Residence in Oakland.

The Cal-Mortgage Program first insured bonds for Cal-Nevada in 2006 in the amount of $42.3 million. In 2015, the Cal-Mortgage Program insured bonds for Cal-Nevada in the amount of $32.9 million. The 2015 bonds were used to refinance the Cal-Mortgage Program insured 2006 bonds and fund $6.3 million in capital improvements. The capital improvements were believed to be necessary to increase the marketability and improve occupancy of vacant independent living (IL) units at FMH.

Cal-Nevada has had several financial setbacks dating back to 2007, which have contributed to net losses since 2009. The 2006 bonds were used to fund an expansion of FHM and construction was scheduled to be completed in late 2007, however 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. The delays caused a large number of cancellations of the IL unit deposits, and upon opening in March 2009, Cal-Nevada struggled with occupancy at FHM, thereafter.

Cal-Nevada continued to experience financial difficulties due to the low occupancy at FHM. In 2018, Cal-Nevada requested and was approved for an insured line-of-credit (LOC) with City National Bank (CNB) for operating capital.

Cal-Nevada discontinued making monthly debt service payments on the 2015 bonds in April 2020. Cal-Nevada drew $615,532 from their DSRF to make their July 1, 2020- bond payment. In March 2021, Cal-Nevada filed for voluntary bankruptcy protection. In May 2021, the principal balance and accrued interest of the LOC was $3.1 million and it was paid off using the Insurance Fund, in response to a payoff demand from CNB due to the bankruptcy filing. In June 2021, the Cal-Mortgage Program made a payment in the amount of $700,451 from the Insurance Fund to cover the July 2021 bond payment in full along with $685,174 from the Cal-Nevada DSRF, for a total bond payment of $1.4 million. In 2021 and 2022, the Cal-Mortgage Program made additional advances from the Insurance Fund to cover the debt service on the insured bond issue. As of July 1, 2022, the remaining insured bond principal balance was $28,930,000, and total payments made from the Insurance Fund was $5,860,056.

On February 8, 2022, the court approved the motion of sale of Cal-Nevada to the winning bidder of the bankruptcy auction. The transaction closed on December 7, 2022. The Cal-Mortgage Program financed part of this transaction with a $15,000,000 take-back note at 3 percent interest. The estimated net loss to the Insurance Fund is $16,500,000.

Default Summary

Since the inception of the Cal-Mortgage Program, and as of June 30, 2020, approximately $8.8 billion in loans have been insured and it has experienced a historical default rate, net of recoveries, of approximately 2.92 percent. See Exhibit XIX for a breakdown by fiscal year of the total default payments, net of recoveries, made from the Insurance Fund. The Cal-Mortgage Program continues to manage defaulted loans in order to minimize the financial impact to the Insurance Fund.

Partnerships with Other State Agencies

Since loans insured by the Cal-Mortgage Program often rely heavily on state, federal, or local government funding, the Cal-Mortgage Program coordinates its loan insurance activities within the program priorities of other state and local government agencies.

The Cal-Mortgage Program obtains letters from state and local government agencies that provide the principal source of funding to the applicant, documenting that the applicant’s project is consistent with the program plans of the funding source.

The Cal-Mortgage Program has periodical discussions to review programmatic changes or issues with the licensing divisions and the reimbursement divisions of the Department of Health Care Services, Department of Public Health, Department of Social Services, and with other state departments and agencies, as needed.

II. Evaluation of the Cal-Mortgage Program's Success in Meeting Its Purpose

The purpose of the Cal-Mortgage Program is twofold: (1) to provide, without cost to the state, a loan insurance program for health facility construction, improvement, and expansion projects, thus increasing the availability of private capital for health facilities; and (2) to rationally meet the need for new, expanded, or modernized public and nonprofit health facilities necessary to protect the health of all Californians. The provisions of the Insurance Law are to be “liberally construed” to achieve these purposes (Health and Safety Code, Section 129005).

Without Cost to the State of California

The Cal-Mortgage Program has operated since 1972, insuring a total of 584 loans with a total insured amount of approximately $8.8 billion to healthcare facilities, many in underserved and rural areas of the state.

The Cal-Mortgage Program is entirely self-supporting from its insurance premiums and related income. As of June 30, 2020, the Insurance Fund had a cash balance of $163.8 million. Since inception of the Cal-Mortgage Program, 20 borrowers with 28 loans have defaulted on their loans with all required payments coming from the Insurance Fund. The Cal-Mortgage Program has operated without cost to the State General Fund.

According to the 2020 Actuarial Report, the Cal-Mortgage Program is projected to remain solvent under normal operating conditions (without catastrophic losses) and operate without cost to the State through FY 2049-50.

To Meet the Need for Facilities

The basic purpose of meeting healthcare facility construction needs has not changed over the years. What has changed are the locations and methodologies by which healthcare is being delivered (for example, shifting from in-patient to out-patient). This has influenced the types of healthcare facilities that are needed.

In order to reflect California's changing needs, the statutory definition of eligible "health facility" has been expanded over time. While originally focused on hospitals (and those facilities that were necessary adjuncts to hospitals), California has recognized that some services, which traditionally were delivered in hospitals or other institutions, have become separate facilities. Today, many different facility types are eligible for loan insurance, such as community care facilities, primary care clinics, specialty care clinics, substance abuse treatment facilities, group homes, skilled nursing facilities, and "multi-level" facilities designed to prevent the institutionalization of the elderly. For more information regarding the types of facilities in the Cal-Mortgage Program, see Exhibits VIII, IX, X, and XI.

The Cal-Mortgage Program activities continue to evolve to reflect California's changing health needs:

- The Cal-Mortgage Program adapted to include borrowers that were strong financially and able to obtain independent credit ratings. Since January 1, 2001, 48 loans borrowers that obtained independent credit ratings or credit opinions, totaled $2.33 billion in insured loans. As of June 30, 2020, 29 of 78 of insured loans have independent credit ratings or credit opinions representing approximately 60.83 percent of the current outstanding principal balance of the portfolio.
- Emphasis has been placed on facilities with health care services for senior citizens, such as multi-level facilities and skilled nursing facilities. Since the 2015 State Plan, 27 loans were insured to such facilities for a total of $1.02 billion.
- Consistent with the 2015 State Plan objective of increasing access to primary care facilities, the Cal-Mortgage Program has insured six new loans for a total of $29.5 million to primary care clinics. As of June 30, 2020, three primary care clinics were in the "pipeline."

This continual adaptation of the review and loan approval process resulted in an increase of strong financial borrowers. This reflects the continuing relevance of the Cal-Mortgage Program in a dynamic healthcare marketplace.

<u>Commitment to Purpose</u>
HCAI and the Cal-Mortgage Program remain committed to continuing the careful management of the Cal-Mortgage Program in order to benefit communities throughout California, at no cost to the state.

III. Overview of Trends in Healthcare

Many trends are affecting healthcare facilities. The following issues are those that currently have a significant impact on the Cal-Mortgage Program:

- COVID-19 Pandemic
- Changes to the Affordable Care Act
- Access to healthcare for Californians
- Growth in the number of older adults
- Hospital implementation of seismic safety requirements
- Financial solvency challenges
- Governance and management critical for success

COVID-19 Pandemic

The COVID-19 pandemic began in the United States in the winter and spring of 2020, resulting in the closure of businesses, schools, and government offices and limiting access to only emergency and critical care healthcare in mid-to-late March 2020. The Cal-Mortgage Program monitored and communicated with insured borrowers to stay abreast of any developments related to financing issue as a result of the COVID-19 pandemic. While some facilities in the Cal-Mortgage program experienced decreases in revenue, several initiatives by the federal government eased the revenue shortfalls for these facilities.

The U.S. Congress (Congress) passed a series of federal stimulus packages to address the COVID-19 crisis, with specific funding to supplement healthcare facilities existing funding. On March 27, 2020 Congress passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and on April 23, 2020 passed the Paycheck Protection Program and Health Care Enhancement Act (Enhancement Act). The federal stimulus packages were designed to provide economic relief for individuals and various business, including hospitals and other health care providers. The CARES Act and Enhancement Act alleviated some of the financial strain on hospitals and other health care providers. Some of these measures included a $175 billion Public Health and Social Services Emergency Fund (Provider Relief Fund) created to reimburse eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus and various Medicare and Medicaid policy changes that temporarily boosted Medicare and Medicaid reimbursements or provided for additional flexibility in patient care during the COVID-19 pandemic. An additional $3 billion was added to the Provider Relief Fund when, in December 2020, the US Congress passed the Consolidated Appropriations Act, 2021.

The Cal-Mortgage Program worked with borrowers, providing the necessary approvals and authority to participate in these programs during the pandemic. No borrower in the Cal-Mortgage Program portfolio has defaulted on their insured loans solely as a result of the strain on healthcare finances caused by the COVID-19 pandemic. Cal-Mortgage Program staff continues to monitor borrowers for any financial difficulties that arise from the continuing COVID-19 pandemic.

Changes in the Affordable Care Act

The Patient Protection and Affordable Care Act (ACA), H.R. 3590, 11th Congress (2010) was passed by Congress and then signed into law by President Obama on March 23, 2010. After an appeal process, the Supreme Court upheld the law on June 28, 2012. The law was created to increase the number of people with insurance and to reduce the overall costs of healthcare.[1] Some of the key features of the law include:

- Establishing a health insurance marketplace
- Providing new coverage options for young adults
- Covering preventive services
- Removing lifetime limits on health benefits
- Covering individuals with pre-existing conditions
- Expanding access to care
- Expansion of the Medicaid program (Medi-Cal in California)

As part of the ACA, all United States citizens, United States nationals, and lawfully present immigrants were to have health insurance, or pay a tax penalty for non-coverage beginning January 2014. To facilitate people seeking health insurance, the State of California established Covered California. Covered California was charged with creating a new health insurance marketplace in which individuals and small businesses can gain access to affordable health insurance plans. Covered California helps individuals determine whether they are eligible for premium assistance that is available on a sliding-scale basis to reduce insurance costs or whether they are eligible for low-cost or no-cost Medi-Cal. Nearly 1.4 million state residents signed up for private health coverage during the initial enrollment period. In addition, about 1.9 million California residents signed up for Medi-Cal coverage during the same period.[2] Approximately 16.3 percent of California residents were uninsured in 2012.[3] This percentage has decreased to 7.2 percent or 2.8 million people uninsured in 2020.[4]

In December 2017, The Tax Cuts and Jobs Act of 2017, H.R. 1, 115th Congress (2017) was passed by Congress and signed into law by President Trump on December 22, 2017 and became effective on January 1, 2019. This law lowered the penalty for not having health insurance to zero, effectively eliminating the penalty. As a result, new sign-ups for health insurance through Covered California dropped by 23.7 percent, from 388,344 in 2018 to 295,290 in 2019. Overall, the total number of people in California obtaining their health insurance through Covered California decreased 0.5 percent from 2019 to 2020, from 1.52 million to 1.51 million.[5]

In 2019, California moved to reinstate the penalty for not having health insurance when Governor Newsom signed SB 78 (Chapter 38, Statutes of 2019). This law was effective January 1, 2020. As a result of this new state legal requirement and the onset of the COVID-19 pandemic, enrollment for health insurance through Covered California rose to 1.6 million individuals in January 2021. However, 2.7 million Californians remain without health insurance, though an estimated 1.2 million of this number are eligible for financial help through Covered California or Medi-Cal.[6]

The Cal-Mortgage Program monitors the fluctuating requirements concerning ACA and continues to analyze these changes and how they affect the finances and operations of insured borrowers.

Access to Healthcare for Californians

Throughout California, many areas, both rural and urban, and populations are recognized as medically underserved. Several factors contribute to the lack of adequate healthcare coverage in these areas, including poverty, local economy, shortages of healthcare personnel, and geographic barriers.

HCAI's Healthcare Workforce Development Division (HWDD) collects data to determine Medically Underserved Areas (MUA) and Medically Underserviced Populations (MUP) based on a set of criteria established through federal regulation. In addition, HWDD, in cooperation with the federal government, identifies areas in the state that have a shortage of healthcare professionals (primary care, mental health, and dental). These areas are called Health Professional Shortage Areas (HPSA). When an application is received, staff check to determine if the healthcare facility is in a designated MUA, MUP, or HPSA to assist the determining the level of community need. For the most up-to-date MUA, MUP, and HPSA maps see the geographic information system website at: https://data.hrsa.gov/tools/shortage-area/by-address

HCAI, through the Cal-Mortgage Program, will continue to complement these efforts by insuring loans in areas where healthcare facilities are needed.

Growth in the Number of Older Adults

The state's population is aging. In 2020, 5.81 million Californians were age 65 or older, making up 16 percent of the population in California; this is anticipated to increase to 8.45 million, making up 20 percent of the population by 2030, and increase 31 percent to 11.04 million, making up 24 percent of the population by 2060.[7] The population growth for those age 65 and older is likely to have an enormous impact on health and support systems since the elderly need more healthcare and support services.

Historically, elderly people are cared for in institutional settings, such as nursing homes. In 2020, California had approximately 1,247 nursing homes, of which 88 percent were for-profit, 11 percent were non-profit, and 1 percent were government owned. Additionally, approximately 73,000 seniors aged 65 and older resided in skilled nursing facilities in California.[8]

As California's population ages, the need for long-term care will expand. The pattern of long-term care will change as more options become available to address the desires of the State's 65 and over population and to maintain their highest level of independence for as long as possible. Multi-level senior living retirement communities typically include independent living, assisted living, and skilled nursing, all at one site. This allows seniors to live independently for as long as possible and use the additional care as needed while remaining in the same retirement community.

Seniors are increasingly using home health and adult day care services to live independently and remain in their homes rather than move into retirement communities. As the need for long-term care grows and the pattern of long-term care changes, additional data collection may be necessary to determine the trends in senior healthcare and how to best serve this population. In addition, the Cal-Mortgage Program is closely monitoring efforts to address healthcare needs of the California aging population and how it can assist in the financing of healthcare facilities to meet these needs.

Hospital Implementation of Seismic Safety Requirements

SB 1953, also known as "The Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983", established new seismic standards for hospital construction.

In January 1994, the Northridge earthquake rendered parts of eleven hospitals unfit for occupancy and resulted in $3.0 billion in damages to healthcare facilities. In its wake, SB 1953 was passed that put hospitals on a firm schedule for achieving seismic safety requirements.

Facilities deemed to be at greatest risk for collapse, Structural Performance Category 1 (SPC-1) buildings, were required to mitigate the collapse risk by 2008 or face closure. The law further required that all at-risk hospital buildings, including those designated as SPC-2, structures not in danger of collapse but with potentially interrupted operations, comply by 2030 to standards that would ensure continued operation in the event of a major earthquake, designated as SPC-3.

SB 1953 allowed an extension of the 2008 deadline to be granted by HCAI's Facilities Development Division (FDD). The maximum length of this extension was originally five years, thereby extending the deadline to 2013. As the 2013 deadline approached, additional legislation was passed, and hospitals that made significant construction progress were allowed an additional two years to achieve SPC-2 compliance. Additional legislation, SB 90 (Steinberg, Chapter 19, Statutes of 2011), allowed for a seven-year extension if the facility met specific criteria.

In addition, major strides in earthquake risk engineering have occurred. The Federal Emergency Management Agency developed the Hazards U.S. (HAZUS) technology. FDD used HAZUS at the owner's request to re-evaluate SPC-1 buildings. SPC-1 buildings that passed HAZUS reassessment were reclassified to a lower risk category and have until 2030 to meet seismic safety requirements.

As the 2030 seismic safety deadline approaches, a significant volume of hospital construction is expected. The Cal-Mortgage Program is a resource to assist hospitals with access to financing to undertake construction or retrofit projects for compliance with seismic safety requirements.

Financial Solvency Challenges

Many healthcare facilities in California are dependent upon revenue from government resources such as Medi-Cal and Medicare. In past economic downturns, some reimbursement payments were reduced and benefits eliminated. While some of the payments and benefits have been reinstated, healthcare facilities must be flexible to account for modifications to reimbursement rate methodologies or changes to covered benefits in the future.

The combination of payment constraints and increased costs has the effect of compressing operating margins and putting pressure on financial liquidity. These financial circumstances present ongoing challenges to healthcare facilities and the Cal-Mortgage Program will continue track economic trends to carefully evaluate applications and to diligently monitor existing insured borrowers.

Governance and Management Critical for Success

Governance and management remain the essential components for successful healthcare facilities. A strong governing board provides strategic direction and general support for the healthcare facility's initiatives in meeting its mission. In addition to their fiduciary responsibility of reviewing financial performance and prudently managing the facility's assets, governing boards must review market conditions of healthcare services, professional staff, physicians, and insurance plans in an organized way. Governing boards are the key in identifying new ways to raise capital and frequently are the cornerstone of successful fundraising efforts.

Good management has an ability to chart a clearly defined course and lead the organization. With numerous financial pressures (e.g., changing reimbursement, cost increases, health workforce shortages, economic changes, and new information technology), management must be prepared to develop new strategies.

Healthcare leadership must be creative, flexible, and disciplined to adapt to the quickly changing healthcare marketplace. Together, the governing board and management need to demonstrate a willingness to make tough decisions.

The evaluation of an applicant for loan insurance involves, in general terms, five areas of assessment: capacity, collateral, capital, conditions, and character. The assessment areas of capacity (ability to repay the loan) and collateral (security) have established objective measures for evaluating an applicant and the proposed project. Capital (borrower's investment in the project) and conditions (economic environment) are additional measures used to evaluate an applicant and the proposed project. Character (strong governance and good management) is intangible and requires considered evaluation. While past successes are usually a good indicator, with the constantly changing healthcare environment, it is important that an assessment of character is also done during the application review. The Cal-Mortgage Program staff, management, and the Advisory Loan Insurance Committee collectively assess the borrower for governing board strength and management depth and skill.

Conclusion

Healthcare remains dynamic and challenging. The demand for healthcare services continues to grow. Healthcare facilities and the roles they play in the healthcare delivery system are continually evolving.

To successfully carry out the Cal-Mortgage Program's mission, staff must monitor the changing business environment in which applicants operate, in order to prudently approve insurance for those applicants who provide needed healthcare services and can remain viable and competitive in this dynamic and challenging environment.

In an era with an increasing demand for services, coupled with payment constraints, increased operating costs, and additional building and technology requirements, the ability for healthcare facilities to access low-cost capital remains an important component.

IV. Changes in the Healthcare Loan Insurance and Financial Markets

An economic trend that influences the Cal-Mortgage Program is interest rates. Loan insurance is attractive because it provides credit enhancement to the borrower and, therefore, lowers the interest rate on the bonds. In addition, investors find insured bonds attractive because they are guaranteed payment even if the borrower defaults.

In early 2011, the interest yield curve experienced a steady decline until early 2013 when it began to briefly rise. The interest yield curve then began decreasing again in late 2013. As interest rates dropped, more borrowers looked to refinance their loans to capture the interest rate savings. Some borrowers refinanced their loans with the Cal-Mortgage Program, while others refinanced outside the Cal-Mortgage Program and paid off their insured loan. New borrowers were able to obtain low interest rates on their 30-year insured bonds, in some cases for interest rates below 3 percent. The low interest rates made borrowers' debt service more affordable and improved their financial viability. The low interest environment has continued through the first half of 2020 when interest-rate lows hit in March 2020 due to the uncertainty surrounding the beginning of the COVID-19 pandemic.

As mentioned in the 2015 State Plan, the 2008 financial crisis caused a large number of defaults in the market and many insurers' credit ratings were downgraded. Consequently, many municipal bond insurers ceased doing business and only two, Assured Guaranty and Build America Mutual Finance, are currently insuring municipal bonds. The percentage of insured municipal bond issues decreased from 57 percent in 2005 to 5.63 percent in the first half of 2020.[9] As of June 30, 2020, Assured Guaranty and Build America Mutual Finance insured 55 percent and 45 percent of the insured municipal bond market, respectively.[10] The bond insurance market changed as a result of the 2008 financial crisis, but because the Cal-Mortgage Program insures loans only to California healthcare facilities it has not been directly impacted. The Cal-Mortgage Program is still critical in the financing of expansion projects to healthcare facilities.

The Cal-Mortgage Program is affected by changes in the state's credit rating. When the state's credit rating is downgraded, interest rates for new, Cal-Mortgage insured debt rise. The resulting impact is that a healthcare facility pays a higher interest rate, which makes a proposed project more expensive, and decreases the value of the Cal-Mortgage Program's loan insurance. In November 2014, S&P upgraded the credit rating on California General Obligation bonds to "A+" with a subsequent upgrade to "AA–" in July 2015. The upgrades are evidence of the state's improved financial condition, which is beneficial to borrowers who will then receive better interest rates on their bond issues.

District hospitals continue using tax initiatives (i.e., parcel taxes, sales tax enhancements, and general obligation bonds) to provide a steady source of revenue for capital projects. With these voter-approved revenue sources, healthcare districts are able to enter into debt financing without loan insurance.

In conclusion, there are some general observations to make, some with potential positive and some with negative impacts on the Cal-Mortgage Program's future including:

- Interest rates were low; therefore, more facilities looked to refinance or start new projects while capital was less expensive. This interest rate environment created opportunities for healthcare facilities.
- Improved financial markets increased access to alternative sources of financing through bank loans, private placements, new market tax credits, and government financing programs.
- The bond insurance market changed as a result of the 2008 financial crisis. The Cal-Mortgage Program has not been directly impacted because it only insures loans for California healthcare facilities.
- Should there be an increase in interest rates, the Cal-Mortgage program will become an attractive alternative financing option for healthcare facilities. In periods of higher interest rates and widening credit spreads loan insurance adds more value to borrowers. See Exhibit II for more detail.
- When district hospitals are undertaking capital projects, tax initiatives are an opportunity for the community to finance the project without loan insurance.

V. Guiding Principles

The Cal-Mortgage Program has the authority to insure up to $3.0 billion in loans. With an insured portfolio of $1.78 billion as of June 30, 2020, there is capacity for an additional $1.22 billion in new insured loans in the Cal-Mortgage Program.

In order for the Cal-Mortgage Program to focus on the needs of California's healthcare system, it is administered according to a list of guiding principles. These principles enable potential applicants to assess the consistency of their project goals with current Cal-Mortgage Program policy. They also provide a frame of reference for staff to use when determining which applications to recommend for review by the ALIC and for approval by the HCAI Director.

The guiding principles are intended to be non-regulatory and flexible, except where specifically required by statute.

Guiding Principles of the Cal-Mortgage Program

- Access to Resilient, Quality Healthcare Facilities. The primary purpose of the Cal-Mortgage Program is to assist in ensuring that healthcare facilities are available in communities with the most need. It seeks to assist facilities when obtaining financing, especially where financing alternatives are limited or nonexistent. It believes this is an issue for facilities in medically underserved areas, and for nonprofit or government providers who serve a disproportionate share of publicly sponsored or indigent patients.
- Financial Feasibility. The Cal-Mortgage Program is required by Health and Safety Code, Section 129005 to operate "…without cost to the state..." Applicants must be able to service all their debt, including the insured loan. When healthcare facilities depend on government programs for reimbursement, applicants should have strong support from the appropriate principal federal, state, or local agencies that administer programs supporting services provided by the applicant.
- Community Need. Applicants must provide a description of the community needs that the facility will meet and data to substantiate these needs. The Cal-Mortgage Program evaluates market study information to determine if the facility is needed by the community to provide the specified services. Where there is significant competition among multiple providers for the same patient population, such competition can be an indicator that there is adequate service capacity available to the patient population.
- Actuarial Stability. The Cal-Mortgage Program encourages applications from healthcare facilities that have sufficient credit quality and applications for loans that, if approved, would improve the actuarial stability of the Cal-Mortgage Program.

- Diversification of Portfolio. The Cal-Mortgage Program recognizes the need to provide a reasonable balance among all types of healthcare facilities. It is also important to maintain geographic diversity with all regions of the state included in the portfolio.
- Access to Capital. The Cal-Mortgage Program recognizes the particular problems faced by small healthcare facilities and will work proactively with applicants, the financial community, and other state agencies to help meet their needs for capital.
- Adequate Collateral. Applicants must provide enough collateral as security to cover the insured loan. Loans insured must be built on land owned by the applicant or on land with a sufficient long-term lease.
- Obligation to Provide Community Service. Under existing law, the Cal-Mortgage Program's insured loans have a community service obligation. To be eligible for insurance, applicants are required to offer reasonable assurances that the services of the healthcare facility will be available to all persons residing or employed in the area served by the facility.
- Cal-Mortgage Program Exposure. The Cal-Mortgage Program should be managed and loan applications should be approved within the context that no one individual loan should be so large that it makes the Cal-Mortgage Program actuarially unsound and potentially jeopardizes the Cal-Mortgage Program's ability to operate without use of the State's General Fund.

Underwriting Principles and Guidelines

- Applicants are expected to make an equity contribution to the project. The applicant's equity should be from operating surpluses or donations. The contributed equity can be in any combination of real property, personal property, or cash.
- If an applicant owes debt to a related corporation, the related corporation will be expected to agree that, in the event of a default on its loan payments insured by the Cal-Mortgage Program, the debt to the related corporation will be forgiven or subordinate to the insured debt.
- Applicants must certify that board members, officers, employees, or their families will not receive a direct benefit from the proceeds of the loan.
- The healthcare facility is expected to be owned and operated by an existing non-profit organization. A situation where an existing healthcare facility is being sold by a for-profit corporation to a nonprofit organization is generally inconsistent with program eligibility.
- The construction phase of the project is expected to begin within an appropriate period of time from the close of the insured loan transaction.
- Applicant's activities are expected to be complementary to the program policies of state, federal, and local governmental agencies.

- Applicants are expected to comply with the laws and regulations of the state, federal, and local governments.

VI. Goals and Objectives: 2021-2023

Addressing the Healthcare Needs of Californians

Priority Needs

In previous state plans, the Cal-Mortgage Program identified priority needs to provide a framework for staff and ALIC when reviewing new applications. For purposes of this state plan, the Cal-Mortgage Program has determined that the following types of projects are deemed to have a high priority and will be encouraged (for a profile of pending applications, see Exhibit XVIII):

- Projects in medically underserved areas, and projects that serve medically underserved populations.
- Projects that involve compliance with hospital seismic safety standards (SB 1953).
- Projects that promote access to primary care services.
- Projects that support expansion of mental health services.
- Projects that provide services to keep people with special needs functioning optimally in a community-based environment and avoiding the need for institutional placement. Special needs populations would include, but are not limited to, the elderly, children, persons with mental or developmental disabilities, and persons in substance abuse therapy.
- Projects that provide innovative solutions to healthcare delivery problems. These may include projects that promote the development of healthcare networks in rural areas, projects that provide integrated services for persons with chronic health conditions, or projects that develop a continuum of care.
- Projects that make use of new technologies to improve access to needed care or improve the quality of care.
- Projects that enhance the actuarial stability of the Cal-Mortgage Program, which are especially strong financially and can obtain an independent credit rating.
- Projects that reduce risk to the Insurance Fund. This would include projects to refinance debt already insured by the Cal-Mortgage Program in order to substantially reduce interest rates and projects to merge facilities already insured by the Cal-Mortgage Program in order to realize economies of scale or other operating efficiencies.

Investment Bankers and Financial Consultants

The Cal-Mortgage Program will increase its efforts to build relationships with investment bankers and financial consultants in order to be responsive to potential borrowers' needs, while maintaining appropriate security for the repayment of the loans.

Our goal is to harness the expertise and connections of investment bankers and financial consultants to identify potential applicants that meet the healthcare needs of Californians.

Changing Healthcare Environment

The Cal-Mortgage Program will continue to work with healthcare facilities when addressing the changing healthcare environment. There is constantly new legislation with which healthcare facilities must comply. The Cal-Mortgage Program is interested in how the healthcare facilities are adapting with the changing requirements.

The ACA generated an influx of newly insured Californians which required expansion of medical facilities and stressed the supply of medical professionals. These factors continue to impact Cal-Mortgage borrowers as well as potential borrowers and the overall healthcare environment. The Cal-Mortgage Program continuously monitors, not only, current borrowers, but the overall market as well to determine trends proactively.

Healthcare Associations

The Cal-Mortgage Program continues to work with various healthcare associations to identify issues and concerns and then evaluate options for healthcare facility financing throughout California.

Continuing to Reduce Risk

Increase Diversity in the Portfolio's Range of Borrowers' Credit Ratings

Overall, increasing the proportion of borrowers with independent credit ratings would reduce Cal-Mortgage Program risk, as the risk of default is estimated to be lower for organizations that obtain independent credit ratings. To facilitate this goal, tiered discounts to the one-time, up-front insurance premium were implemented. To date, this goal has been successful. Since January 1, 2001, when tiered discounts were instituted, $2.33 billion in loans have been insured for borrowers with independent credit ratings. Based on outstanding balances on current insured loans as of June 30, 2020, approximately 60.8 percent is attributed to borrowers with independent credit ratings. Since the 2015 State Plan, 18 of the 44 new loans were for borrowers with independent credit ratings or credit opinions.

The Cal-Mortgage Program intends to further explore alternative financing structures as a means to expand its presence with investment grade, credit rated applicants.

Reduction in the Debt Service Reserve Fund

On July 1, 2016, the Cal-Mortgage Program instituted new DSRF guidelines to lower borrowing costs and attract more investment grade borrowers. The guidelines are divided into two categories listed below.

- Investment grade borrowers may be eligible for insurance without a DSRF requirement if the funds required to make monthly payments are received by the bond trustee 90 days ahead of the interest and principal payment due dates. If this term cannot be achieved, the Program will require a DSRF equivalent to 25 percent of Maximum Aggregate Annual Debt Service (MAADS) to achieve a time cushion for the Program.
- Non-investment grade borrowers may be eligible for a DSRF of 50 percent of MAADS.

The Cal-Mortgage Program will continue to closely monitor healthcare facilities to assess the impact of these changes.

Strive to Meet Objectives

Over the years, the HCAI Director, ALIC members, and Cal-Mortgage management and staff have strived to meet the following objectives in order to reduce the risk to the Cal-Mortgage Program:

- Have no defaults
- Stay within the administrative budget
- Have a prudent insurance reserve in order to pay any defaults, pay administrative expenses, and protect the General Fund

These objectives are what the Cal-Mortgage Program aims to achieve each fiscal year. Due to various factors, these objectives have not always been met.

There have been defaults throughout the years. The staff work with borrowers who have financial difficulties to try to prevent a default from occurring or to minimize the default. To minimize defaults, staff will continue to diligently monitor borrowers in order to identify problems earlier and resolve defaults more quickly.

The Cal-Mortgage Program has always stayed within its administrative budget, but there have been some years where administrative expenses were higher than normal. In prior years, budget constraints due to the recovering state economy resulted in the state instituting budget cuts and freezes. Even though the state economy has since recovered, the Cal-Mortgage Program has worked to maintain its reduced administrative expenses as much as possible.

The Insurance Fund is invested in the SMIF with the State Treasurer's Office. The SMIF interest earnings on the Insurance Fund have historically covered the administrative expenses of the Cal-Mortgage Program. However, the interest rate for the SMIF has remained historically low over the past 10 years, with annual rates averaging 0.77 percent. This low rate of interest earned on the Insurance Fund no longer covers the entire administrative expenses of the Cal-Mortgage Program. The SMIF rate has since rebounded slightly to 1.24 percent as of June 30, 2020, resulting in annualized interest to the Insurance Fund of $2.88 million. Though the interest earned from the SMIF still felt short of covering the $3.70 million in Cal-Mortgage Program administrative expenses. When interest earnings do not cover administrative expenses, this negatively affects the reserves in the Insurance Fund.

If these objectives are met, it would result in sufficient reserves in the Insurance Fund and reduce risk to the Cal-Mortgage Program. By striving to reduce risk, the goal of operating at no cost to the General Fund can be maintained, as the Cal-Mortgage Program continues to contribute to the development and success of the dynamic California healthcare infrastructure and marketplace.

Endnotes

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Exhibit I

Health and Safety Code
Section 129020

The department shall implement the loan insurance program for the construction, improvement, and expansion of public and nonprofit corporation health facilities so that, in conjunction with all other existing facilities, the necessary physical facilities for furnishing adequate health facility services will be available to all the people of the state.

Every odd-numbered year the department shall develop a state plan for use under this chapter. The plan shall include an overview of the changes in the healthcare industry, an overview of the financial status of the fund and the loan insurance program implemented by the department, a statement of the guiding principles of the loan insurance program, an evaluation of the program's success in meeting its mission as outlined in Health and Safety Code, Section 129005, a discussion of administrative, procedural, or statutory changes that may be needed to improve management of program risks or to ensure the program effectively addresses the health needs of Californians, and the priority needs to be addressed by the loan insurance program.

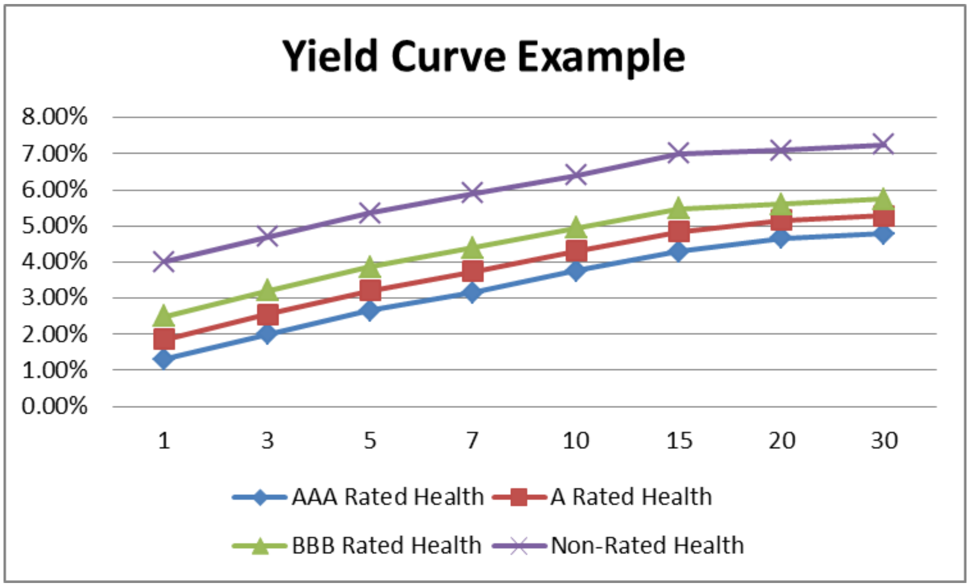
The Health Facility Construction Loan Insurance Program shall provide for health facility distribution throughout the state in a manner that will make all types of health facility services reasonably accessible to all persons in the state according to the state plan.

Exhibit II

What is Loan Insurance?

Loan insurance is, as the term implies, insurance to assure that a loan will be repaid. If a borrower is unable to pay, the insurer (in this case, HCAI and the State of California) guarantees that the lender (typically bondholders or banks) will be paid. The insurer accepts the repayment risk of the borrower in exchange for a premium.

A borrower receives financial value in having loan insurance. The lender (bondholders, investment bankers, etc.) recognizes this guarantee and loans funds to the borrower at lower interest rates. In the financial markets, a borrower with a stronger credit rating pays lower interest rates. And conversely, a lender demands higher interest rates from a borrower with a weaker credit rating (see Yield Curve Example graph below).



Loan insurance improves the credit rating of the borrower. The credit rating of the insurer is “transferred” to the borrower. The borrower receives the economic benefit of lower interest costs which offset the loan insurance premium (see comparison below). Financial consultants and investment bankers advise the borrower of this trade-off and calculate the cost-benefit relationship.

Exhibit II

(Continued)

Comparision of Examples of Debt Without and With Loan Insurance		
	Without	With
Amount	$10,000,000	$10,600,000
Term	30 years	30 years
Credit Rating	Unrated	A
Interest Rate	7%	6%
Monthly Payment	$67,155	$64,173

Just as borrowers with better credit ratings can borrow at lower interest rates, an insurer with a stronger credit rating (for example AAA or AA) will be able to better assist a borrower with lower interest rates versus an insurer with a lower credit rating.

What is "Wrap" Loan Insurance and How Was It Used?

Because the State of California backs the loan insurance guarantee, the state's credit rating is used when determining the interest rate for insured loans.

When the state's (and the Cal-Mortgage Program's) credit rating was downgraded in July 2003 from "A" to "BBB," interest rates increased for applicants and borrowers on new loans (refer to the Yield Curve Example graph on the previous page for an example). Some borrowers and financial consultants found a mechanism to augment the Cal-Mortgage Program's loan insurance by purchasing commercial "wrap" loan insurance. This loan insurance wraps around the Cal Mortgage Program (and the state) and guarantees that this Cal-Mortgage Program's funds (or the state's) would, if necessary, pay the lenders. Following the economic exchange described above, these commercial loan insurance companies had very strong credit ratings ("AAA" or "AA"), which allowed the borrowers to borrow at even lower interest rates and more than offset the additional "wrap" insurance premium cost. As the credit rating of the State of California has recovered and "wrap" loan insurance is no longer necessary for the borrowers to obtain lower interest rates, the option for "wrap" loan insurance could be useful again should the state's credit rating decline in the future.

Exhibit III

Loans Insured Since the 2015 State Plan

(Sorted by Date Loan Closed)

Borrower Name	Facility City	Facility Type	Loan Closed	Loan Amount
Solvang Lutheran Home, Inc.	Solvang	MULTI-OTH	07/17/2014	$3,470,000
Los Angeles Jewish Home for the Aging	Playa Vista	MULTI-OTH	08/27/2014	$115,605,000
Casa de las Campanas	Rancho Bernardo	MULTI-CCRC	12/04/2014	$19,000,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	02/11/2015	$11,965,000
Marshall Medical Center	Placerville	HOSP	04/09/2015	$26,895,000
Northern California Presbyterian Homes and Services	Portola Valley	MULTI-CCRC	04/15/2015	$63,210,000
Mayers Memorial Hospital District	Fall River	HOSP-DIST	07/16/2015	$3,264,235
West Oakland Health Council, Inc.	Oakland	CLINIC-PC	07/31/2015	$2,000,000
California Nevada Methodist Homes	Pacific Grove	MULTI-CCRC	10/20/2015	$32,920,000
Enloe Medical Center	Chico	HOSP	11/19/2015	$173,730,000
St. John's Well Child and Family Center	Los Angeles	CLINIC-PC	12/01/2015	$1,300,000
St. Rose Hospital	Hayward	HOSP	05/25/2016	$38,000,000
Sierra View Home, Inc.	Reedly	MULTI-OTH	06/09/2016	$12,310,000
Santa Rosa Community Health Centers	Santa Rosa	CLINIC-PC	07/12/2016	$11,105,000
Mendocino Coast Health Care District Corp.	Fort Bragg	HOSP-DIST	07/29/2016	$5,745,000
Petaluma Health Center	Petaluma	CLINIC-PC	09/13/2016	$5,775,000
Mayers Memorial Hospital District	Fall River Mills	HOSP-DIST	10/26/2016	$500,000
Mountain Shadows Support Group	San Marcos	GH-DD	10/27/2016	$13,240,000
Hill Country Community Clinic	Round Mountain	CLINIC-PC	11/03/2016	$4,055,000
Atherton Baptist Homes	Alhambra	MULTI-CCRC	11/04/2016	$31,390,000
Asian Community Skilled Nursing Facility	Sacramento	SNF	11/22/2016	$16,080,000
Jewish Home Of San Francisco	San Francisco	SNF	11/29/2016	$135,920,000
Northern California Retired Officers Community	Fairfield	MULTI-CCRC	11/30/2016	$22,080,000
Pilgrim Place In Claremont, Inc.	Claremont	MULTI-CCRC	11/30/2016	$36,055,000
Southern California Development - V O A, Inc.	National City	CDRF	03/15/2017	$4,700,000
Channing House	Palo Alto	MULTI-CCRC	04/18/2017	$54,045,000
Institute On Aging	San Francisco	MULTI-OTH	05/31/2017	$34,355,000
St. John's Well Child and Family Center	Los Angeles	CLINIC-PC	07/12/2017	$5,250,000
Casa De Las Campanas	Rancho Bernardo	MULTI-CCRC	08/24/2017	$39,000,000
Options Family of Services	Santa Maria	GH-DD	10/12/2017	$2,140,000
Channing House	Palo Alto	MULTI-CCRC	10/25/2017	$44,120,000
Viamonte Senior Living	Walnut Creek	MULTI-CCRC	05/24/2018	$187,230,000
California Nevada Methodist Homes	Pacifc Grove	MULTI-CCRC	06/27/2018	$3,525,000
Asian Community Center Of Sacramento Valley	Sacramento	MULTI-OTH	07/26/2018	$26,915,000
Lincoln Glen Manor For Senior Citizens	San Jose	MULTI-OTH	11/08/2018	$6,105,000
The Calfornia Home For The Aged, Inc.	Fresno	MULTI-OTH	11/20/2018	$24,660,000
North Kern - South Tulare Hospital District	Delano	SNF	02/20/2019	$4,300,000
Northern California Retired Officers Community	Fairfield	MULTI-CCRC	03/07/2019	$95,685,000
Town And Country Manor Christian & Missionary	Santa Ana	MULTI-CCRC	06/13/2019	$34,385,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	08/08/2019	$13,785,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	09/26/2019	$49,730,000
Lompoc District Hospital	Lompoc	HOSP-DIST	02/19/2020	$16,885,000
Inland Christian Home, Inc.	Ontario	MULTI-CCRC	04/27/2020	$18,425,000
Marshall Medical Center	Placerville	HOSP	04/27/2020	$68,875,000
Loans Insured Since the 2015 State Plan	**44**			**$1,519,729,235**

Facility Type		Facility Type	
ADC-DD	Adult Day Care: Developmentally Disabled	GH-MD	Group Home: Mentally Disabled or Emotionally Disturbed
ADHC	Adult Day Health Care	HOSP	Hospital: General Acute Care
CDRF	Chemical Dependancy Recovery Facility	HOSP-DIST	Hospital: District
CLINIC-AIDS	Clinic: AIDS	HOSP-PSYCH	Hospital: Psychiatric
CLINIC-MH	Clinic: Mental Health Clinic	HOSPICE	Hospice
CLINIC-MULTI	Clinic: Multi-Speciality and Diagnostic Facility	MULTI-CCRC	Multi Level: Continuing Care Retirement Community
CLINIC-PC	Primary Care Clinic	MULTI-OTH	Multi Level: Other (Month-to-Month)
GH-DD	Group Home: Developmentally Disabled	SNF	Skilled Nursing Facility
GH-DD/MD	Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed		

Exhibit IV

Insured Portfolio

June 30, 1990 through June 30, 2020

(Based on Outstanding Loan Principal Balances)

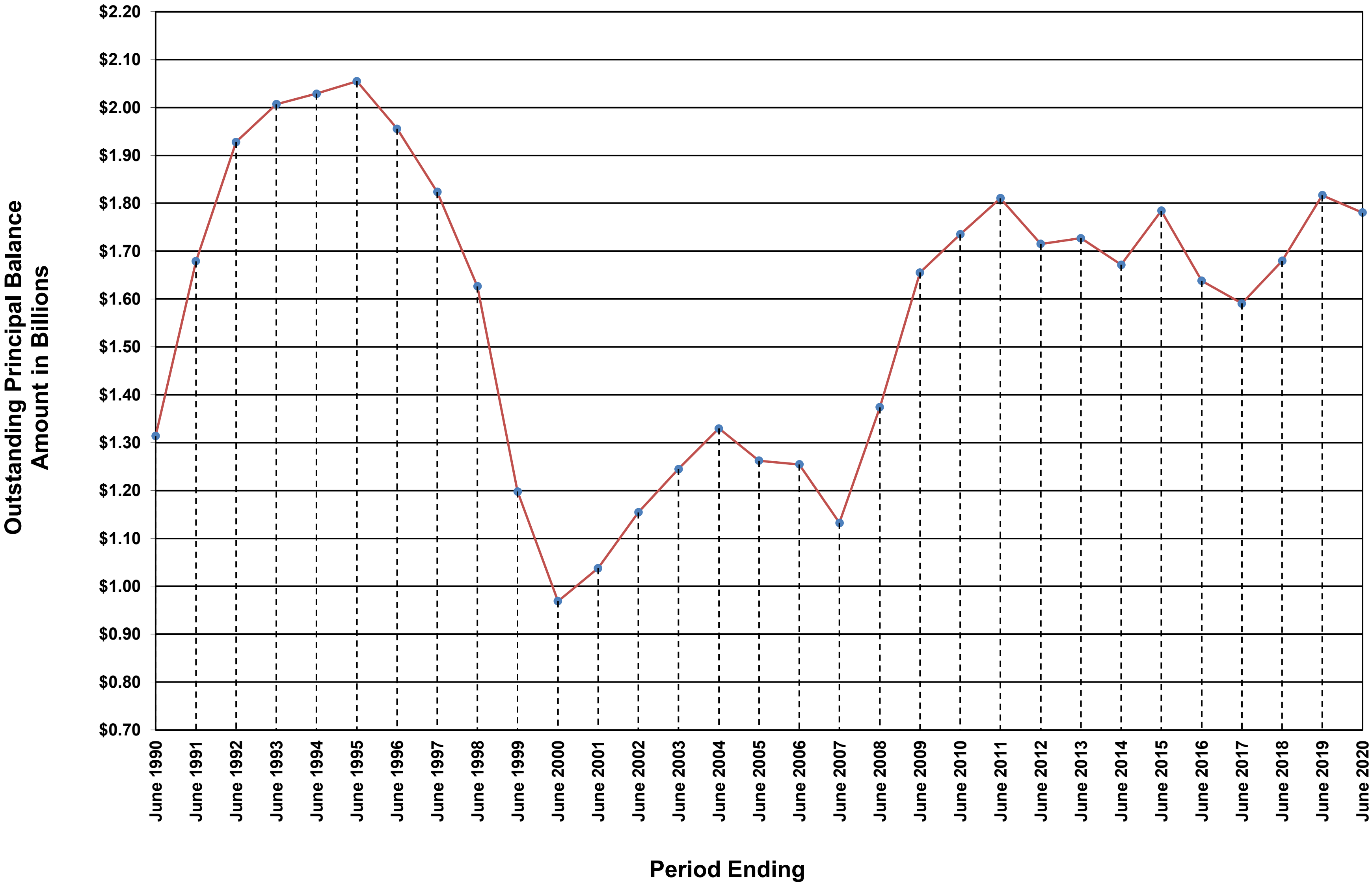
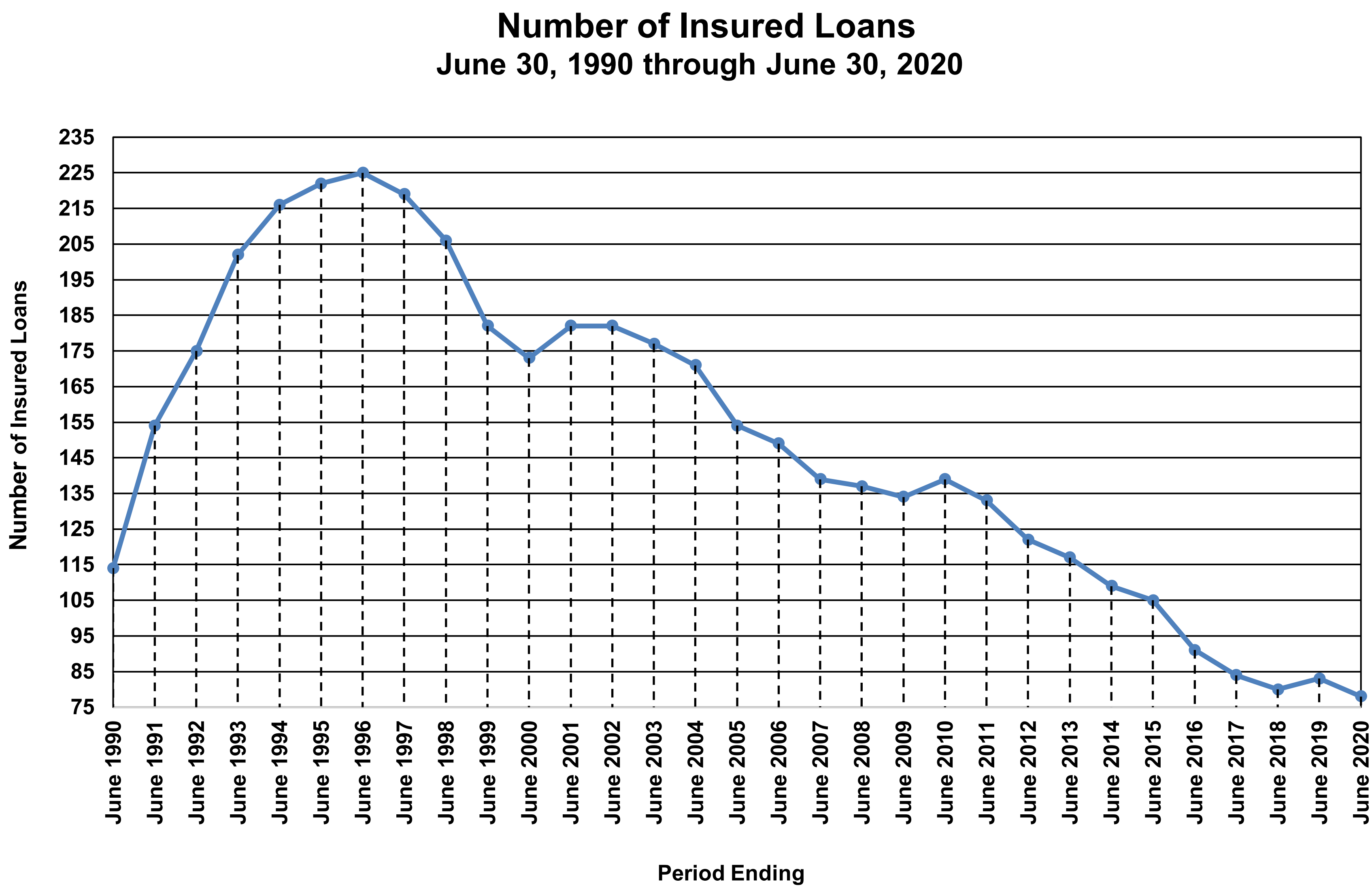


Exhibit V



Number of Insured Loans
June 30, 1990 through June 30, 2020
235
225
215
205
195
185
175
165
155
145
135
125
115
105
95
85
75
Number of Insured Loans
June 1990
June 1991
June 1992
June 1993
June 1994
June 1995
June 1996
June 1997
June 1998
June 1999
June 2000
June 2001
June 2002
June 2003
June 2004
June 2005
June 2006
June 2007
June 2008
June 2009
June 2010
June 2011
June 2012
June 2013
June 2014
June 2015
June 2016
June 2017
June 2018
June 2019
June 2020
Period Ending

Exhibit VI

Cash Balance of the Insurance Fund

June 30, 1990 through June 30, 2020

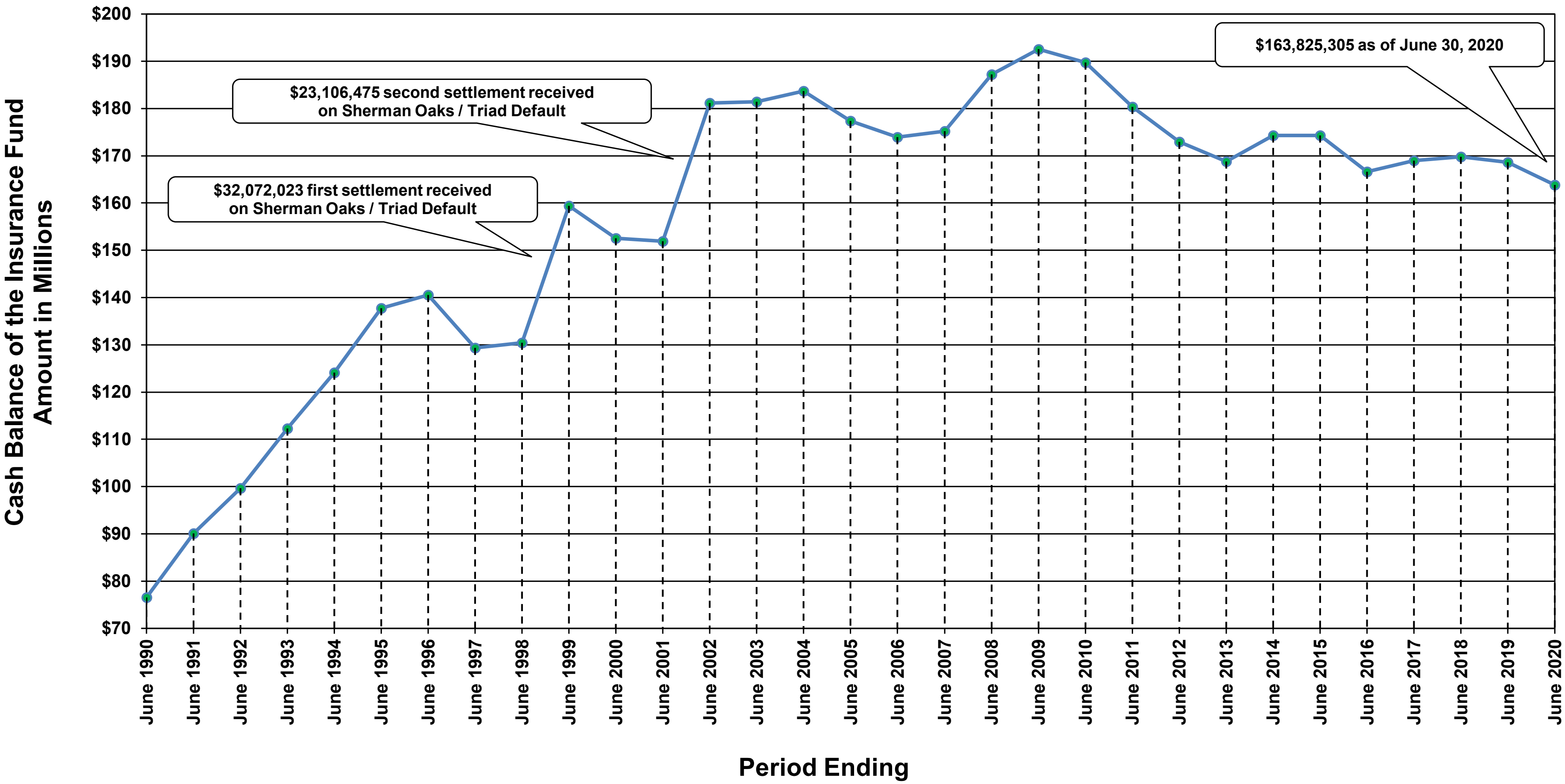


Exhibit VII

Insured Loans by Borrower

As of June 30, 2020

(Sorted by Borrower Name)

Borrower Name	Facility City	Facility Type	Risk Rating	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
Ararat Home of Los Angeles, Inc.	Mission Hills	MULTI-OTH	A	11/26/2012	$2,990,000	$415,000
Asian Community Center of Sacramento Valley	Sacramento	MULTI-OTH	A	11/22/2016	$16,080,000	$14,425,000
Asian Community Center of Sacramento Valley	Sacramento	MULTI-OTH	A	07/26/2018	$26,915,000	$26,915,000
Atherton Baptist Homes	Alhambra	MULTI-CCRC	B	11/04/2016	$31,390,000	$28,710,000
Beacon House	San Pedro	CDRF	B	10/20/2011	$1,505,000	$570,000
Becoming Independent	Santa Rosa	ADC-DD	B	04/30/2013	$4,865,000	$2,710,000
California Nevada Methodist Homes	Oakland	MULTI-CCRC	B	10/20/2015	$32,920,000	$30,835,000
California Nevada Methodist Homes	Oakland	MULTI-CCRC	B	06/27/2018	$3,525,000	$2,999,120
Casa De Las Campanas	San Diego	MULTI-CCRC	A	08/24/2017	$39,000,000	$51,000
Casa De Las Campanas	San Diego	MULTI-CCRC	A	12/04/2014	$19,000,000	$17,045,000
Casa De Las Campanas	San Diego	MULTI-CCRC	A	01/28/2010	$54,310,000	$43,305,000
Channing House	Palo Alto	MULTI-CCRC	A	04/18/2017	$54,045,000	$52,780,000
Channing House	Palo Alto	MULTI-CCRC	A	10/25/2017	$44,120,000	$44,120,000
Chinese Hospital	San Francisco	HOSP	B	11/08/2012	$65,000,000	$57,960,000
Community Medical Centers, Inc.	Stockton	CLINIC-PC	C	04/12/2005	$3,220,000	$755,000
Community Program for Persons with Developmental Disabilities	Los Gatos	GH-DD	A	02/17/2011	$76,970,000	$39,035,000
Enloe Medical Center	Chico	HOSP	A	11/19/2015	$173,730,000	$172,775,000
Enloe Medical Center	Chico	HOSP	A	08/20/2008	$68,915,000	$23,750,000
Feedback Foundation	Anaheim	ADHC	A	12/01/1992	$2,140,000	$435,000
Gateways Hospital & Mental Health Center	Los Angeles	HOSP-PSYCH	A	12/01/2011	$8,085,000	$6,310,000
Hill Country Community Clinic	Round Mountain	CLINIC-PC	B	11/03/2016	$4,055,000	$3,690,000
Inland Christian Home, Inc.	Ontario	MULTI-CCRC	A	04/27/2020	$18,425,000	$18,425,000
Institute on Aging	San Francisco	MULTI-OTH	C	05/31/2017	$34,355,000	$33,965,000
Institute on Aging	San Francisco	MULTI-OTH	C	03/24/2014	$4,000,000	$2,300,000
Jewish Home of San Francisco	San Francisco	SNF	A	11/29/2016	$135,920,000	$102,505,000
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	E	11/13/2003	$17,770,000	$2,870,000
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	E	06/23/2000	$5,000,000	$50,000
La Maestra Family Clinic, Inc.	San Diego	CLINIC-PC	A	09/04/2008	$18,500,000	$14,755,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	A	04/27/2011	$14,000,000	$430,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	A	02/11/2015	$11,965,000	$11,675,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	A	11/08/2018	$6,105,000	$6,105,000
Lompoc District Hospital	Lompoc	HOSP-DIST	A	02/19/2020	$16,885,000	$16,885,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	B	09/26/2019	$49,730,000	$49,730,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	B	08/27/2014	$115,605,000	$33,635,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	B	08/08/2019	$13,785,000	$13,785,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	B	01/20/2009	$4,750,000	$0
Marshall Medical Center	Placerville	HOSP	A	09/26/2012	$17,805,000	$4,435,000
Marshall Medical Center	Placerville	HOSP	A	04/09/2015	$26,895,000	$25,460,000
Marshall Medical Center	Placerville	HOSP	A	04/27/2020	$68,875,000	$68,875,000
Mendocino Coast Health Care District Corp.	Fort Bragg	HOSP-DIST	C	07/29/2016	$5,745,000	$4,105,000
Momentum for Mental Health	San Jose	GH-MD	B	11/13/2003	$10,500,000	$1,915,000
Montecedro	Pasadena	MULTI-CCRC	A	11/26/2013	$140,305,000	$43,880,000
Mountain Shadows Support Group	San Marcos	GH-DD	A	10/27/2016	$13,240,000	$9,955,000
Mountain Valley	Bieber	CLINIC-PC	B	03/24/1993	$900,000	$170,000

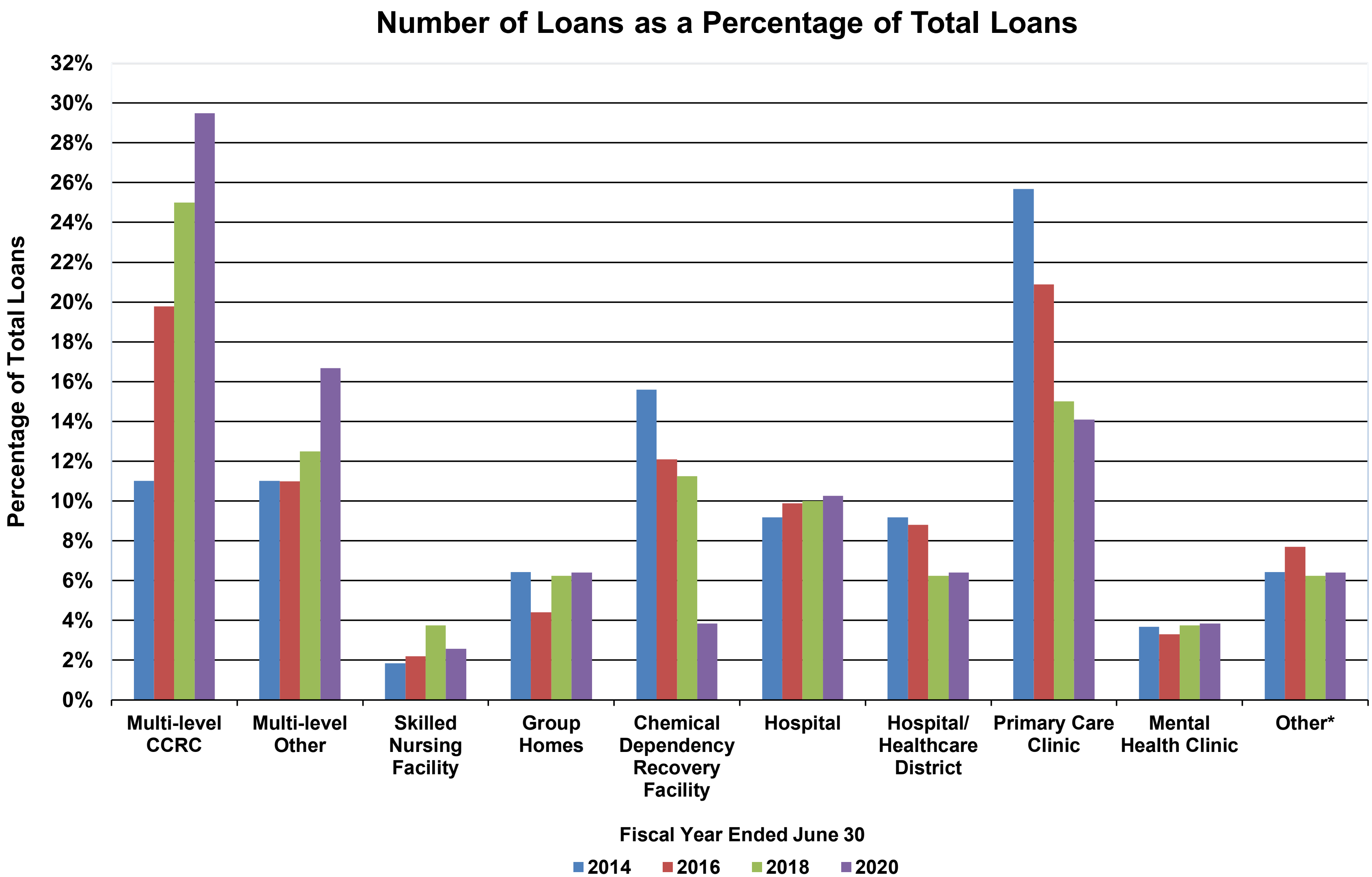
Exhibit VII

Insured Loans by Borrower, *continued*

Borrower Name	Facility City	Facility Type	Risk Rating	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
Mountain Valley	Bieber	CLINIC-PC	B	10/28/1992	$1,000,000	$210,000
North Kern South Tulare Hospital District	Delano	SNF	B	02/20/2019	$4,300,000	$4,035,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	A	11/30/2016	$22,080,000	$20,620,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	A	04/04/2013	$32,315,000	$17,030,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	A	03/07/2019	$95,685,000	$95,685,000
O'Connor Woods Holding Company	Stockton	MULTI-OTH	A	06/12/2013	$49,115,000	$43,275,000
Odd Fellows Home of California	Saratoga	MULTI-CCRC	A	10/25/2012	$98,550,000	$76,125,000
Options Family of Services	Morro Bay	GH-DD/MD	A	10/12/2017	$2,140,000	$1,845,000
Petaluma Health Center	Petaluma	CLINIC-PC	A	09/13/2016	$5,775,000	$5,235,000
Pilgrim Place in Claremont, Inc.	Claremont	MULTI-CCRC	A	11/30/2016	$36,055,000	$33,575,000
Poway R H F Housing, Inc.	Long Beach	MULTI-OTH	B	11/07/2013	$13,345,000	$10,905,000
Principles, Inc.	Pasadena	CDRF	A	04/29/2003	$2,040,000	$315,000
Salud Para La Gente	Watsonville	CLINIC-PC	B	03/17/2010	$3,350,000	$1,595,000
San Benito Health Care District	Hollister	HOSP-DIST	C	03/19/2013	$24,915,000	$16,480,000
San Fernando Valley Community Mental Health Center	Van Nuys	ADHC	A	06/26/1998	$3,700,000	$750,000
Santa Rosa Community Health Centers	Santa Rosa	CLINIC-PC	A	07/12/2016	$11,105,000	$9,445,000
Sequoia Living, Inc.	San Francisco	MULTI-CCRC	A	04/15/2015	$63,210,000	$58,340,000
Sierra View Homes Inc.	Reedley	MULTI-OTH	A	06/09/2016	$12,310,000	$11,185,000
Solvang Lutheran Home, Inc.	Solvang	MULTI-CCRC	A	07/17/2014	$3,470,000	$3,145,000
Southern California Development - V O A, Inc.	San Diego	CDRF	B	03/15/2017	$4,700,000	$4,295,000
St. John's Well Child and Family Center	Los Angeles	CLINIC-PC	B	01/14/2014	$2,000,000	$0
St. John's Well Child and Family Center	Los Angeles	CLINIC-PC	B	07/12/2017	$5,250,000	$4,955,000
St. Rose Hospital	Hayward	HOSP	B	05/25/2016	$38,000,000	$28,982,626
St. Rose Hospital	Hayward	HOSP	B	05/28/2009	$10,000,000	$0
The California Home for the Aged, Inc.	Fresno	MULTI-OTH	A	11/20/2018	$24,660,000	$24,660,000
The HELP Group	Sherman Oaks	CLINIC-MH	A	10/23/2011	$23,360,000	$9,290,000
The HELP Group	Sherman Oaks	CLINIC-MH	A	11/02/2012	$6,210,000	$5,020,000
The HELP Group	Sherman Oaks	CLINIC-MH	A	11/19/2009	$5,395,000	$4,430,000
The Redwoods, A Community of Seniors	Mill Valley	MULTI-OTH	A	11/26/2013	$29,970,000	$27,830,000
TLC Child & Family Services	Sebastopol	GH-DD/MD	A	10/06/2011	$2,475,000	$990,000
Town and Country Manor Christian & Missionary Alliance	Santa Ana	MULTI-CCRC	A	06/13/2019	$34,385,000	$34,385,000
Valley Health Team, Inc.	San Joaquin	CLINIC-PC	A	03/11/2008	$2,325,000	$1,150,000
Viamonte Senior Living	San Francisco	MULTI-CCRC	A	05/24/2018	230,000	$187,230,000
Vocational Visions	Mission Viejo	ADC-DD	B	07/09/2010	$2,370,000	$1,805,000
Total Insured Projects	**78**				**$2,346,630,000**	**$1,780,317,746**

Facility Type		Facility Type		Risk Ratings
ADC-DD	Adult Day Care: Developmentally Disabled	GH-MD	Group Home: Mentally Disabled or Emotionally Disturbed	A - no problems
ADHC	Adult Day Health Care	HOSP	Hospital: General Acute Care	B - minor problems
CDRF	Chemical Dependancy Recovery Facility	HOSP-DIST	Hospital: District	C - moderate problems
CLINIC-AIDS	Clinic: AIDS	HOSP-PSYCH	Hospital: Psychiatric	D - serious problems; partial DSRF
CLINIC-MH	Clinic: Mental Health Clinic	HOSPICE	Hospice	E - defaulted; Insurance Fund used, no loss anticipated
CLINIC-MULTI	Clinic: Multi-Speciality and Diagnostic Facility	MULTI-CCRC	Multi Level: Continuing Care Retirement Community	F - defaulted; Insurance Fund used, loss anticipated
CLINIC-PC	Primary Care Clinic	MULTI-OTH	Multi Level: Other (Month-to-Month)	
GH-DD	Group Home: Developmentally Disabled	SNF	Skilled Nursing Facility	
GH-DD/MD	Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed			

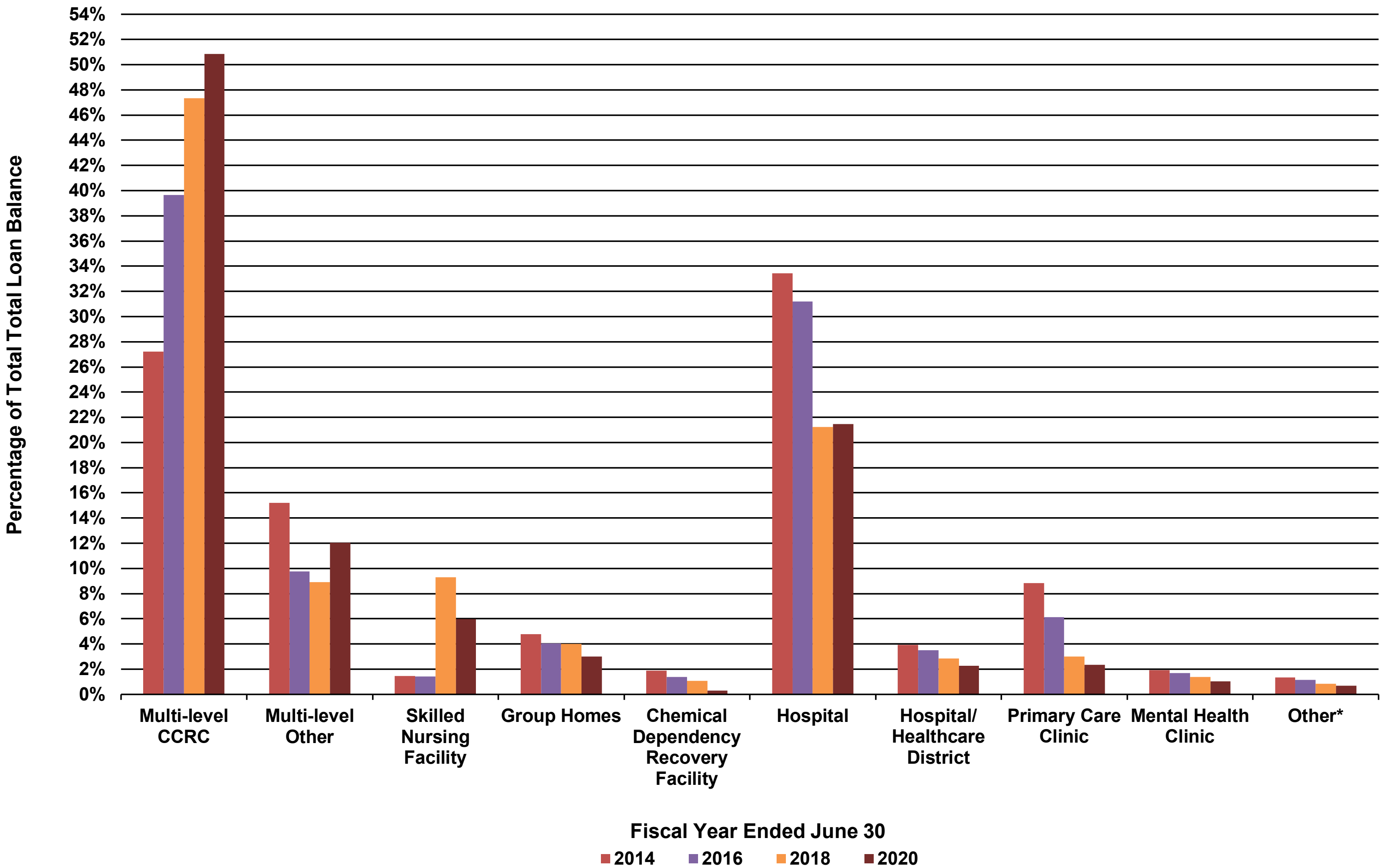
Exhibit VIII



* "Other" category includes facility types Adult Day Care: Developmentally Disabled, Adult Day Health Care, and Hospital: Psychiatric

Exhibit IX

Percentage of Outstanding Loan Balance



* "Other" category includes facility types Adult Day Care: Developmentally Disabled, Adult Day Health Care, and Hospital: Psychiatric

Exhibit X

Insured Risk by Facility Type

As of June 30, 2020

Type of Facy	Numbf Loans	Outstanding Principal Balance	Percentage of Portfolio
Chemicaly Recovery Facility	3	$5,180,000	0.3%
Group Homes	5	$53,740,000	3.0%
Hospital	8	$382,237,626	21.5%
Hospital/ Healhcare District	5	$40,390,000	2.3%
Mental Healtinic	3	$18,740,000	1.1%
Multi-level	23	$905,435,120	50.9%
Multi-level Ot	13	$214,085,000	12.0%
Other*	5	$12,010,000	0.7%
Primary Carinic	11	$41,960,000	2.4%
Skilled Nursiacility	2	$106,540,000	6.0%
Totals	**78**	**$1,780,317,746**	**100%**

Footnote:

* "Other" category includes facility types Adult Day Care: Developmentally Disabled, Adult Day Health Care, and Hospital: Psychiatric

Exhibit XI

Insured Loans by Facility Type

As of June 30, 2020

Borrower Name	Facility City	Facility Type	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
Becoming Independent	Santa Rosa	ADC-DD	04/30/2013	$4,865,000	$2,710,000
Vocational Visions	Mission Viejo	ADC-DD	07/09/2010	$2,370,000	$1,805,000
Total Adult Day Care: Developmentally Disabled	2			$7,235,000	$4,515,000
Feedback Foundation	Anaheim	ADHC	12/01/1992	$2,140,000	$435,000
San Fernando Valley Community Mental Health Center	Van Nuys	ADHC	06/26/1998	$3,700,000	$750,000
Total Adult Day Health Care	2			$5,840,000	$1,185,000
Beacon House	San Pedro	CDRF	10/20/2011	$1,505,000	$570,000
Principles, Inc.	Pasadena	CDRF	04/29/2003	$2,040,000	$315,000
Southern California Development - V O A, Inc.	San Diego	CDRF	03/15/2007	$4,700,000	$4,295,000
Total Chemical Dependency Recovery Facility	3			$8,245,000	$5,180,000
The Help Group	Sherman Oaks	CLINIC-MH	11/19/2009	$5,395,000	$4,430,000
The Help Group	Culver City	CLINIC-MH	10/23/2011	$23,360,000	$9,290,000
The Help Group	Culver City	CLINIC-MH	11/02/2012	$6,210,000	$5,020,000
Total Clinic: Mental Health	3			$34,965,000	$18,740,000
Community Medical Center, Inc.	Stockton	CLINIC-PC	04/12/2005	$3,220,000	$755,000
Hill Country Community Clinic	Round Mountain	CLINIC-PC	11/03/2016	$4,055,000	$3,690,000
La Maestra Family Clinic, Inc.	San Diego	CLINIC-PC	09/04/2008	$18,500,000	$14,755,000
Mountain Valley	Tulelake	CLINIC-PC	03/24/1993	$900,000	$170,000
Mountain Valley	Bieber	CLINIC-PC	10/28/1992	$1,000,000	$210,000
Petaluma Health Center	Petaluma	CLINIC-PC	09/13/2016	$5,775,000	$5,235,000
Salud Para La Gente	Watsonville	CLINIC-PC	03/17/2010	$3,350,000	$1,595,000
Santa Rosa Community Health Centers	Santa Rosa	CLINIC-PC	07/12/2016	$11,105,000	$9,445,000
St. John's Well Child And Family Center	Los Angeles	CLINIC-PC	01/14/2014	$2,000,000	$0
St. John's Well Child And Family Center	Los Angeles	CLINIC-PC	07/12/2017	$5,250,000	$4,955,000
Valley Health Team, Inc.	San Joaquin	CLINIC-PC	03/11/2008	$2,325,000	$1,150,000
Total Clinic: Primary Care	11			$57,480,000	$41,960,000
Community Program for Persons with Developmental	Los Gatos	GH-DD	02/17/2011	$76,970,000	$39,035,000
Mountain Shadows Support Group	San Marcos	GH-DD	10/27/2016	$13,240,000	$9,955,000
Total Group Home: Developmentally Disabled	2			$90,210,000	$48,990,000
Options Family of Services	Santa Maria	GH-DD/MD	10/12/2017	$2,140,000	$1,845,000
T L C Child & Family Services	Sebastopol	GH-DD/MD	10/06/2011	$2,475,000	$990,000
Total Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disabled	2			$4,615,000	$2,835,000
Momentum for Mental Health	San Marcos	GH-MD	11/13/2003	$10,500,000	$1,915,000
Total Group Home: Mentally Disabled or Emotionally Disabled	1			$10,500,000	$1,915,000

Exhibit XI

Insured Loans by Facility Type, *continued*

Borrower Name	Facility City	Facility Type	Date Lan nsured	Original Insured mount	Outstanding rincipal Balance
Chinese Hospital	San Francisco	HOSP	11/08/2012	$65,000,000	$57,960,000
Enloe Medical Center	Chico	HOSP	11/19/2015	$173,730,000	$172,775,000
Enloe Medical Center	Chico	HOSP	08/20/2008	$68,915,000	$23,750,000
Marshall Medical Center	Placerville	HOSP	09/26/2012	$17,805,000	$4,435,000
Marshall Medical Center	Placerville	HOSP	04/09/2015	$26,895,000	$25,460,000
Marshall Medical Center	Placerville	HOSP	04/27/2020	$68,875,000	$68,875,000
St. Rose Hospital	Hayward	HOSP	05/25/2016	$38,000,000	$28,982,626
St. Rose Hospital	Hayward	HOSP	05/28/2009	$10,000,000	$0
Total Hospital: General Acute Care	8			$469,220,000	$382,237,626
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	11/13/2003	$17,770,000	$2,870,000
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	06/23/2000	$5,000,000	$50,000
Lompoc District Hospital	Lompoc	HOSP-DIST	02/19/2020	$16,885,000	$16,885,000
Mendocino Coast Health Care District Corp.	Fort Bragg	HOSP-DIST	07/29/2016	$5,745,000	$4,105,000
San Benito Health Care District	Hollister	HOSP-DIST	03/19/2013	$24,915,000	$16,480,000
Total Hospital: District	5			$70,315,000	$40,390,000
Gateways Hospital & Mental Centers	Los Angeles	HOSP-PSYCH	12/01/2011	$8,085,000	$6,310,000
Total Hospital: Psychiatric	1			$8,085,000	$6,310,000
Atherton Baptist Homes	Alhambra	MULTI-CCRC	11/04/2016	$31,390,000	$28,710,000
California Nevada Methodist Homes	Oakland	MULTI-CCRC	10/20/2015	$32,920,000	$30,835,000
California Nevada Methodist Homes	Oakland	MULTI-CCRC	06/27/2018	$3,525,000	$2,999,120
Casa De Las Campanas	San Diego	MULTI-CCRC	08/24/2017	$39,000,000	$51,000
Casa De Las Campanas	San Diego	MULTI-CCRC	12/04/2014	$19,000,000	$17,045,000
Casa De Las Campanas	San Diego	MULTI-CCRC	01/28/2010	$54,310,000	$43,305,000
Channing House	Palo Alto	MULTI-CCRC	04/18/2017	$54,045,000	$52,780,000
Channing House	Palo Alto	MULTI-CCRC	10/25/2017	$44,120,000	$44,120,000
Inland Christian Home, Inc.	Ontario	MULTI-CCRC	04/27/2020	$18,425,000	$18,425,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	09/26/2019	$49,730,000	$49,730,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	08/27/2014	$115,605,000	$33,635,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	08/08/2019	$13,785,000	$13,785,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	01/20/2009	$4,750,000	$0
Montecedro	Pasadena	MULTI-CCRC	11/26/2013	$140,305,000	$43,880,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	11/30/2016	$22,080,000	$20,620,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	04/04/2013	$32,315,000	$17,030,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	03/07/2019	$95,685,000	$95,685,000
Odd Fellows Home of California	Saratoga	MULTI-CCRC	10/25/2012	$98,550,000	$76,125,000
Pilgrim Place in Claremont, Inc.	Claremont	MULTI-CCRC	11/30/2016	$36,055,000	$33,575,000
Sequoia Living, Inc.	San Francisco	MULTI-CCRC	04/15/2015	$63,210,000	$58,340,000
Solvang Lutheran Home, Inc.	Solvang	MULTI-CCRC	07/17/2014	$3,470,000	$3,145,000
Town and Country Manor Christian & Missionary Alliance	Santa Ana	MULTI-CCRC	06/13/2019	$34,385,000	$34,385,000
Viamonte Senior Living	San Francisco	MULTI-CCRC	05/24/2018	$187,230,000	$187,230,000
Total Multi-Level: Continuing Care Retirement Community	23			$1,193,890,000	$905,435,120

Exhibit XI

Insured Loans by Facility Type, *continued*

Borrower Name	Facility City	Facility Type	Date Lan nsured	Original Insured mount	Outstanding rincipal Balance
Ararat Home of Los Angeles, Inc.	Mission Hills	MULTI-OTH	11/26/2012	$2,990,000	$415,000
Asian Community Center of Sacramento Valley	Sacramento	MULTI-OTH	11/22/2016	$16,080,000	$14,425,000
Asian Community Center of Sacramento Valley	Sacramento	MULTI-OTH	07/26/2018	$26,915,000	$26,915,000
Institute on Aging	San Francisco	MULTI-OTH	05/31/2017	$34,355,000	$33,965,000
Institute on Aging	San Francisco	MULTI-OTH	03/24/2014	$4,000,000	$2,300,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	04/27/2011	$14,000,000	$430,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	02/11/2015	$11,965,000	$11,675,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	11/08/2018	$6,105,000	$6,105,000
O'Connor Woods Holding Company	Stockton	MULTI-OTH	06/12/2013	$49,115,000	$43,275,000
Poway R H F Housing, Inc.	Long Beach	MULTI-OTH	11/07/2013	$13,345,000	$10,905,000
Sierra View Homes Inc.	Reedley	MULTI-OTH	06/09/2016	$12,310,000	$11,185,000
The California Home for the Aged, Inc.	Fresno	MULTI-OTH	11/20/2018	$24,660,000	$24,660,000
The Redwoods, A Community of Seniors	Mill Valley	MULTI-OTH	11/26/2013	$29,970,000	$27,830,000
Total Multi-Level: Other (Month-to-Month)	13			$245,810,000	$214,085,000
Jewish Home of San Francisco	San Francisco	SNF	11/29/2016	$135,920,000	$102,505,000
North Kern - South Tulare Hospital District	Delano	SNF	02/20/2019	$4,300,000	$4,035,000
Total Skilled Nursing Facility	2			$140,220,000	$106,540,000
Total Insured Loans For All Facilities Represented	**78**			**$2,346,630,000**	**$1,780,317,746**

Facility Type		Facility Type	
ADC-DD	Adult Day Care: Developmentally Disabled	GH-MD	Group Home: Mentally Disabled or Emotionally Disturbed
ADHC	Adult Day Health Care	HOSP	Hospital: General Acute Care
CDRF	Chemical Dependancy Recovery Facility	HOSP-DIST	Hospital: District
CLINIC-AIDS	Clinic: AIDS	HOSP-PSYCH	Hospital: Psychiatric
CLINIC-MH	Clinic: Mental Health Clinic	HOSPICE	Hospice
CLINIC-MULTI	Clinic: Multi-Speciality and Diagnostic Facility	MULTI-CCRC	Multi Level: Continuing Care Retirement Community
CLINIC-PC	Primary Care Clinic	MULTI-OTH	Multi Level: Other (Month-to-Month)
GH-DD	Group Home: Developmentally Disabled	SNF	Skilled Nursing Facility
GH-DD/MD	Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed		

Exhibit XII

Financial Status and Activity Report

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Activity						
Number of Insured Loans	105	91	84	80	83	78
Insured Loans						
Total Outstanding Principal Balance of Insured Loans	$1,784,501,704	$1,637,990,120	$1,590,800,080	$1,679,591,385	$1,816,496,274	$1,780,317,746
Health Facility Construction Loan Insurance Fund						
Insurance Fund Cash Balance [1]	$174,317,510	$166,632,464	$168,979,760	$169,757,738	$168,625,786	$163,825,305
Anticipated Recoveries [2]	$10,297,328	$10,660,124	$10,967,200	$11,292,546	$11,104,694	$10,691,505
Long-Term Liabilities Related to Defaults [3]	($66,875,000)	($57,940,000)	($48,665,000)	($39,220,000)	($29,545,000)	($18,935,000)
Estimated Net Assets	**$117,739,838**	**$119,352,588**	**$131,281,960**	**$141,830,284**	**$150,185,480**	**$155,581,810**

Footnotes:

[1] As reported held in the State Treasury.

[2] Obligations to the Program after default, payments to the Insurance Fund;

[3] Direct obligations of the Program, payments from the Insurance Fund.

Exhibit XIII

Insured Risk by County

As of June 30, 2020

County	Number of Loans	Original Insured Amount	Outstanding Principal Balance	Percentage of Portfolio (Outstanding Balance)
Alameda	2	$48,000,000	$28,982,626	1.63%
Butte	2	$242,645,000	$196,525,000	11.04%
Contra Costa	1	$187,230,000	$187,230,000	10.52%
El Dorado	3	$113,575,000	$98,770,000	5.55%
Fresno	3	$39,295,000	$36,995,000	2.08%
Kern	3	$27,070,000	$6,955,000	0.39%
Lassen	1	$900,000	$170,000	0.01%
Los Angeles	17	$452,155,000	$235,370,000	13.22%
Marin	1	$29,970,000	$27,830,000	1.56%
Mendocino	1	$5,745,000	$4,105,000	0.23%
Monterey	2	$36,445,000	$33,834,120	1.90%
Orange	3	$38,895,000	$36,625,000	2.06%
Sacramento	2	$42,995,000	$41,340,000	2.32%
San Benito	1	$24,915,000	$16,480,000	0.93%
San Bernardino	1	$18,425,000	$18,425,000	1.03%
San Diego	7	$162,095,000	$100,311,000	5.63%
San Francisco	4	$239,275,000	$196,730,000	11.05%
San Joaquin	2	$52,335,000	$44,030,000	2.47%
San Mateo	1	$63,210,000	$58,340,000	3.28%
Santa Barbara	3	$22,495,000	$21,875,000	1.23%
Santa Clara	8	$316,255,000	$232,185,000	13.04%
Santa Cruz	1	$3,350,000	$1,595,000	0.09%
Shasta	1	$4,055,000	$3,690,000	0.21%
Siskiyou	1	$1,000,000	$210,000	0.01%
Solano	3	$150,080,000	$133,335,000	7.49%
Sonoma	4	$24,220,000	$18,380,000	1.03%
Total	**78**	**$2,346,630,000**	**$1,780,317,746**	**100%**

Exhibit XIV

Insured Loans by County

As of June 30, 2020

Borrower Name	Facility City	County	Facility Type	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
St. Rose Hospital	Hayward	Alameda	HOSP	05/28/2009	$10,000,000	$0
St. Rose Hospital	Hayward	Alameda	HOSP	05/25/2016	$38,000,000	$28,982,626
Total within Alameda County	2				$48,000,000	$28,982,626
Enloe Medical Center	Chico	Butte	HOSP	11/19/2015	$173,730,000	$172,775,000
Enloe Medical Center	Chico	Butte	HOSP	08/20/2008	$68,915,000	$23,750,000
Total within Butte County	2				$242,645,000	$196,525,000
Viamonte Senior Living	Walnut Creek	Contra Costa	MULTI-CCRC	05/24/2018	$187,230,000	$187,230,000
Total within Contra Costa County	1				$187,230,000	$187,230,000
Marshall Medical Center	Placerville	El Dorado	HOSP	09/26/2012	$17,805,000	$4,435,000
Marshall Medical Center	Placerville	El Dorado	HOSP	04/09/2015	$26,895,000	$25,460,000
Marshall Medical Center	Placerville	El Dorado	HOSP	04/27/2020	$68,875,000	$68,875,000
Total within El Dorado County	3				$113,575,000	$98,770,000
Valley Health Team, Inc.	San Joaquin	Fresno	CLINIC-PC	03/11/2008	$2,325,000	$1,150,000
Sierra View Homes Inc.	Reedly	Fresno	MULTI-OTH	06/09/2016	$12,310,000	$11,185,000
The Calfornia Home for the Aged, Inc.	Fresno	Fresno	MULTI-OTH	11/20/2018	$24,660,000	$24,660,000
Total within Fresno County	3				$39,295,000	$36,995,000
Kern Valley Healthcare District	Mountain Mesa	Kern	HOSP-DIST	06/23/2000	$5,000,000	$50,000
Kern Valley Healthcare District	Mountain Mesa	Kern	HOSP-DIST	11/13/2003	$17,770,000	$2,870,000
North Kern - South Tulare Hospital District	Delano	Kern	SNF	02/20/2019	$4,300,000	$4,035,000
Total within Kern County	3				$27,070,000	$6,955,000
Mountain Valley	Bieber	Lassen	CLINIC-PC	03/24/1993	$900,000	$170,000
Total within Lassen County	1				$900,000	$170,000
San Fernando Valley Community Mental Health Center	Van Nuys	Los Angeles	ADHC	06/26/1998	$3,700,000	$750,000
Beacon House	San Pedro	Los Angeles	CDRF	10/20/2011	$1,505,000	$570,000
Principles, Inc.	Pasadena	Los Angeles	CDRF	04/29/2003	$2,040,000	$315,000
The Help Group	Sherman Oaks	Los Angeles	CLINIC-MH	11/19/2009	$5,395,000	$4,430,000
The Help Group	Culver City	Los Angeles	CLINIC-MH	10/23/2011	$23,360,000	$9,290,000
The Help Group	Culver City	Los Angeles	CLINIC-MH	11/02/2012	$6,210,000	$5,020,000
St. John's Well Child And Family Center	Los Angeles	Los Angeles	CLINIC-PC	01/14/2014	$2,000,000	$0
St. John's Well Child And Family Center	Los Angeles	Los Angeles	CLINIC-PC	07/12/2017	$5,250,000	$4,955,000
Gateways Hospital & Mental Centers	Los Angeles	Los Angeles	HOSP-PSYCH	12/01/2011	$8,085,000	$6,310,000
Atherton Baptist Homes	Alhambra	Los Angeles	MULTI-CCRC	11/04/2016	$31,390,000	$28,710,000
Los Angeles Jewish Home for The Aging	Los Angeles	Los Angeles	MULTI-CCRC	01/20/2009	$4,750,000	$0
Los Angeles Jewish Home for The Aging	Los Angeles	Los Angeles	MULTI-CCRC	08/27/2014	$115,605,000	$33,635,000
Los Angeles Jewish Home for The Aging	Los Angeles	Los Angeles	MULTI-CCRC	08/08/2019	$13,785,000	$13,785,000
Los Angeles Jewish Home for The Aging	Playa Vista	Los Angeles	MULTI-CCRC	09/26/2019	$49,730,000	$49,730,000
Montecedro	Altadena	Los Angeles	MULTI-CCRC	11/26/2013	$140,305,000	$43,880,000
Pilgrim Place In Claremont, Inc.	Claremont	Los Angeles	MULTI-CCRC	11/30/2016	$36,055,000	$33,575,000
Ararat Home of Los Angeles, Inc.	Mission Hills	Los Angeles	MULTI-OTH	11/26/2012	$2,990,000	$415,000
Total within Los Angeles County	17				$452,155,000	$235,370,000

Exhibit XIV

Insured Loans by County, *continued*

Borrower Name	Facility City	County	Facility Type	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
Community Church Retirement Center	Mill Valley	Marin	MULTI-OTH	11/26/2013	$29,970,000	$27,830,000
Total within Marin County	1				$29,970,000	$27,830,000
Mendocino Coast Health Care District Corp.	Fort Bragg	Mendocino	HOSP-DIST	07/29/2016	$5,745,000	$4,105,000
Total within Mendocino County	1				$5,745,000	$4,105,000
California Nevada Methodist Homes	Pacific Grove	Monterey	MULTI-CCRC	10/20/2015	$32,920,000	$30,835,000
California Nevada Methodist Homes	Pacific Grove	Monterey	MULTI-CCRC	06/27/2018	$3,525,000	$2,999,120
Total within Monterey County	2				$36,445,000	$33,834,120
Vocational Visions	Mission Viejo	Orange	ADC-DD	07/09/2010	$2,370,000	$1,805,000
Feedback Foundation	Anaheim	Orange	ADHC	12/01/1992	$2,140,000	$435,000
Town And Country Manor Christian & Missionary	Santa Ana	Orange	MULTI-CCRC	06/13/2019	$34,385,000	$34,385,000
Total within Orange County	3				$38,895,000	$36,625,000
Asian Community Center of Sacramento Valley	Sacramento	Sacramento	MULTI-OTH	11/22/2016	$16,080,000	$14,425,000
Asian Community Center of Sacramento Valley	Sacramento	Sacramento	MULTI-OTH	07/26/2018	$26,915,000	$26,915,000
Total within Sacramento County	2				$42,995,000	$41,340,000
San Benito Health Care District	Hollister	San Benito	HOSP-DIST	03/19/2013	$24,915,000	$16,480,000
Total within San Benito County	1				$24,915,000	$16,480,000
Inland Christian Home, Inc.	Ontario	San Bernardino	MULTI-CCRC	04/27/2020	$18,425,000	$18,425,000
Total within San Bernardino County	1				$18,425,000	$18,425,000
Southern California Development - V O A, Inc.	National City	San Diego	CDRF	03/15/2017	$4,700,000	$4,295,000
La Maestra Family Clinic, Inc.	San Diego	San Diego	CLINIC-PC	09/04/2008	$18,500,000	$14,755,000
Mountain Shadows Support Group	San Marcos	San Diego	GH-DD	10/27/2016	$13,240,000	$9,955,000
Casa De Las Campanas	Rancho Bernardo	San Diego	MULTI-CCRC	01/28/2010	$54,310,000	$43,305,000
Casa De Las Campanas	Rancho Bernardo	San Diego	MULTI-CCRC	12/04/2014	$19,000,000	$17,045,000
Casa De Las Campanas	Rancho Bernardo	San Diego	MULTI-CCRC	08/24/2017	$39,000,000	$51,000
Poway R H F Housing, Inc.	Poway	San Diego	MULTI-OTH	11/07/2013	$13,345,000	$10,905,000
Total within San Diego County	7				$162,095,000	$100,311,000
Chinese Hospital	San Francisco	San Francisco	HOSP	11/08/2012	$65,000,000	$57,960,000
Institute On Aging	San Francisco	San Francisco	MULTI-OTH	03/24/2014	$4,000,000	$2,300,000
Institute On Aging	San Francisco	San Francisco	MULTI-OTH	05/31/2017	$34,355,000	$33,965,000
Jewish Home of San Francisco	San Francisco	San Francisco	SNF	11/29/2016	$135,920,000	$102,505,000
Total within San Francisco County	4				$239,275,000	$196,730,000
Community Medical Center, Inc.	Stockton	San Joaquin	CLINIC-PC	04/12/2005	$3,220,000	$755,000
O'Connor Woods Holding Company	Stockton	San Joaquin	MULTI-OTH	06/12/2013	$49,115,000	$43,275,000
Total within San Joaquin County	2				$52,335,000	$44,030,000
Northern California Presbyterian Homes And Services	Portolla Valley	San Mateo	MULTI-CCRC	04/15/2015	$63,210,000	$58,340,000
Total within San Mateo County	1				$63,210,000	$58,340,000
Options Family of Services	Santa Maria	Santa Barbara	GH-DD/MD	10/12/2017	$2,140,000	$1,845,000
Lompoc District Hospital	Lompoc	Santa Barbara	HOSP-DIST	02/19/2020	$16,885,000	$16,885,000
Solvang Lutheran Home, Inc.	Solvang	Santa Barbara	MULTI-CCRC	07/17/2014	$3,470,000	$3,145,000
Total within Santa Barbara County	3				$22,495,000	$21,875,000

Exhibit XIV

Insured Loans by County, *continued*

Borrower Name	Facility City	County	Facility Type	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
Community Program for Persons with Developmental	Los Gatos	Santa Clara	GH-DD	02/17/2011	$76,970,000	$39,035,000
Momentum for Mental Health	San Marcos	Santa Clara	GH-MD	11/13/2003	$10,500,000	$1,915,000
Channing House	Palo Alto	Santa Clara	MULTI-CCRC	04/18/2017	$54,045,000	$52,780,000
Channing House	Palo Alto	Santa Clara	MULTI-CCRC	10/25/2017	$44,120,000	$44,120,000
Odd Fellows Home of California	Saratoga	Santa Clara	MULTI-CCRC	10/25/2012	$98,550,000	$76,125,000
Lincoln Glen Manor for Senior Citizens	San Jose	Santa Clara	MULTI-OTH	04/27/2011	$14,000,000	$430,000
Lincoln Glen Manor for Senior Citizens	San Jose	Santa Clara	MULTI-OTH	02/11/2015	$11,965,000	$11,675,000
Lincoln Glen Manor for Senior Citizens	San Jose	Santa Clara	MULTI-OTH	11/08/2018	$6,105,000	$6,105,000
Total within Santa Clara County	8				$316,255,000	$232,185,000
Salud Para La Gente	Watsonville	Santa Cruz	CLINIC-PC	03/17/2010	$3,350,000	$1,595,000
Total within Santa Cruz County	1				$3,350,000	$1,595,000
Hill Country Community Clinic	Round Mountain	Shasta	CLINIC-PC	11/03/2016	$4,055,000	$3,690,000
Total within Shasta County	1				$4,055,000	$3,690,000
Mountain Valley	Tulelake	Siskiyou	CLINIC-PC	10/28/1992	$1,000,000	$210,000
Total within Siskiyou County	1				$1,000,000	$210,000
Northern California Retired Officers Community	Fairfield	Solano	MULTI-CCRC	04/04/2013	$32,315,000	$17,030,000
Northern California Retired Officers Community	Fairfield	Solano	MULTI-CCRC	11/30/2016	$22,080,000	$20,620,000
Northern California Retired Officers Community	Fairfield	Solano	MULTI-CCRC	03/07/2019	$95,685,000	$95,685,000
Total within Solano County	3				$150,080,000	$133,335,000
Becoming Independent	Santa Rosa	Sonoma	ADC-DD	04/30/2013	$4,865,000	$2,710,000
Petaluma Health Center	Petaluma	Sonoma	CLINIC-PC	09/13/2016	$5,775,000	$5,235,000
Santa Rosa Community Health Centers	Santa Rosa	Sonoma	CLINIC-PC	07/12/2016	$11,105,000	$9,445,000
T L C Child & Family Services	Sebastopol	Sonoma	GH-DD/MD	10/06/2011	$2,475,000	$990,000
Total within Sonoma County	4				$24,220,000	$18,380,000
Total within All Counties	**78**				**$2,346,630,000**	**$1,780,317,746**

Facility Type		Facility Type	
ADC-DD	Adult Day Care: Developmentally Disabled	GH-MD	Group Home: Mentally Disabled or Emotionally Disturbed
ADHC	Adult Day Health Care	HOSP	Hospital: General Acute Care
CDRF	Chemical Dependancy Recovery Facility	HOSP-DIST	Hospital: District
CLINIC-AIDS	Clinic: AIDS	HOSP-PSYCH	Hospital: Psychiatric
CLINIC-MH	Clinic: Mental Health Clinic	HOSPICE	Hospice
CLINIC-MULTI	Clinic: Multi-Speciality and Diagnostic Facility	MULTI-CCRC	Multi Level: Continuing Care Retirement Community
CLINIC-PC	Primary Care Clinic	MULTI-OTH	Multi Level: Other (Month-to-Month)
GH-DD	Group Home: Developmentally Disabled	SNF	Skilled Nursing Facility
GH-DD/MD	Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed		

Exhibit XV

Insured Loans by Loan Size

As of June 30, 2020

(Sorted by Original Insured Amount)

Borrower Name	Facility City	Facility Type	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
Viamonte Senior Living	San Francisco	MULTI-CCRC	05/24/2018	$187,230,000	$187,230,000
Enloe Medical Center	Chico	HOSP	11/19/2015	$173,730,000	$172,775,000
Montecedro	Pasadena	MULTI-CCRC	11/26/2013	$140,305,000	$43,880,000
Jewish Home of San Francisco	San Francisco	SNF	11/29/2016	$135,920,000	$102,505,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	08/27/2014	$115,605,000	$33,635,000
Odd Fellows Home of California	Saratoga	MULTI-CCRC	10/25/2012	$98,550,000	$76,125,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	03/07/2019	$95,685,000	$95,685,000
Community Program for Persons with Developmental Disabilities	Los Gatos	GH-DD	02/17/2011	$76,970,000	$39,035,000
Enloe Medical Center	Chico	HOSP	08/20/2008	$68,915,000	$23,750,000
Marshall Medical Center	Placerville	HOSP	04/27/2020	$68,875,000	$68,875,000
Chinese Hospital	San Francisco	HOSP	11/08/2012	$65,000,000	$57,960,000
Sequoia Living, Inc.	San Francisco	MULTI-CCRC	04/15/2015	$63,210,000	$58,340,000
Casa De Las Campanas	San Diego	MULTI-CCRC	01/28/2010	$54,310,000	$43,305,000
Channing House	Palo Alto	MULTI-CCRC	04/18/2017	$54,045,000	$52,780,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	09/26/2019	$49,730,000	$49,730,000
O'Connor Woods Holding Company	Stockton	MULTI-OTH	06/12/2013	$49,115,000	$43,275,000
Channing House	Palo Alto	MULTI-CCRC	10/25/2017	$44,120,000	$44,120,000
Casa De Las Campanas	San Diego	MULTI-CCRC	08/24/2017	$39,000,000	$51,000
St. Rose Hospital	Hayward	HOSP	05/25/2016	$38,000,000	$28,982,626
Pilgrim Place in Claremont, Inc.	Claremont	MULTI-CCRC	11/30/2016	$36,055,000	$33,575,000
Town and Country Manor Christian & Missionary Alliance	Santa Ana	MULTI-CCRC	06/13/2019	$34,385,000	$34,385,000
Institute on Aging	San Francisco	MULTI-OTH	05/31/2017	$34,355,000	$33,965,000
California Nevada Methodist Homes	Oakland	MULTI-CCRC	10/20/2015	$32,920,000	$30,835,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	04/04/2013	$32,315,000	$17,030,000
Atherton Baptist Homes	Alhambra	MULTI-CCRC	11/04/2016	$31,390,000	$28,710,000
The Redwoods, A Community of Seniors	Mill Valley	MULTI-OTH	11/26/2013	$29,970,000	$27,830,000
Asian Community Center of Sacramento Valley	Sacramento	MULTI-OTH	07/26/2018	$26,915,000	$26,915,000
Marshall Medical Center	Placerville	HOSP	04/09/2015	$26,895,000	$25,460,000
San Benito Health Care District	Hollister	HOSP-DIST	03/19/2013	$24,915,000	$16,480,000
The California Home for the Aged, Inc.	Fresno	MULTI-OTH	11/20/2018	$24,660,000	$24,660,000
The HELP Group	Sherman Oaks	CLINIC-MH	10/23/2011	$23,360,000	$9,290,000
Northern California Retired Officer Community	Fairfield	MULTI-CCRC	11/30/2016	$22,080,000	$20,620,000
Loan Size: $20,000,000 and Greater	**32**			**$1,998,530,000**	**$1,551,793,626**
Casa De Las Campanas	San Diego	MULTI-CCRC	12/04/2014	$19,000,000	$17,045,000
La Maestra Family Clinic, Inc.	San Diego	CLINIC-PC	09/04/2008	$18,500,000	$14,755,000
Inland Christian Home, Inc.	Ontario	MULTI-CCRC	04/27/2020	$18,425,000	$18,425,000
Marshall Medical Center	Placerville	HOSP	09/26/2012	$17,805,000	$4,435,000
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	11/13/2003	$17,770,000	$2,870,000
Lompoc District Hospital	Lompoc	HOSP-DIST	02/19/2020	$16,885,000	$16,885,000
Asian Community Center of Sacramento Valley	Sacramento	MULTI-OTH	11/22/2016	$16,080,000	$14,425,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	04/27/2011	$14,000,000	$430,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	08/08/2019	$13,785,000	$13,785,000
Poway R H F Housing, Inc.	Long Beach	MULTI-OTH	11/07/2013	$13,345,000	$10,905,000
Mountain Shadows Support Group	San Marcos	GH-DD	10/27/2016	$13,240,000	$9,955,000
Sierra View Homes Inc.	Reedley	MULTI-OTH	06/09/2016	$12,310,000	$11,185,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	02/11/2015	$11,965,000	$11,675,000
Santa Rosa Community Health Centers	Santa Rosa	CLINIC-PC	07/12/2016	$11,105,000	$9,445,000
Momentum for Mental Health	San Jose	GH-MD	11/13/2003	$10,500,000	$1,915,000
St. Rose Hospital	Hayward	HOSP	05/28/2009	$10,000,000	$0
Loan Size: $10,000,00 to $19,999,999	**16**			**$234,715,000**	**$158,135,000**
Gateways Hospital & Mental Health Center	Los Angeles	HOSP-PSYCH	12/01/2011	$8,085,000	$6,310,000
The HELP Group	Sherman Oaks	CLINIC-MH	11/02/2012	$6,210,000	$5,020,000
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	11/08/2018	$6,105,000	$6,105,000
Petaluma Health Center	Petaluma	CLINIC-PC	09/13/2016	$5,775,000	$5,235,000
Mendocino Coast Health Care District Corp.	Fort Bragg	HOSP-DIST	07/29/2016	$5,745,000	$4,105,000
The HELP Group	Sherman Oaks	CLINIC-MH	11/19/2009	$5,395,000	$4,430,000
St. John's Well Child and Family Center	Los Angeles	CLINIC-PC	07/12/2017	$5,250,000	$4,955,000
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	06/23/2000	$5,000,000	$50,000
Loan Size: $5,000,000 to $9,999,999	**8**			**$47,565,000**	**$36,210,000**

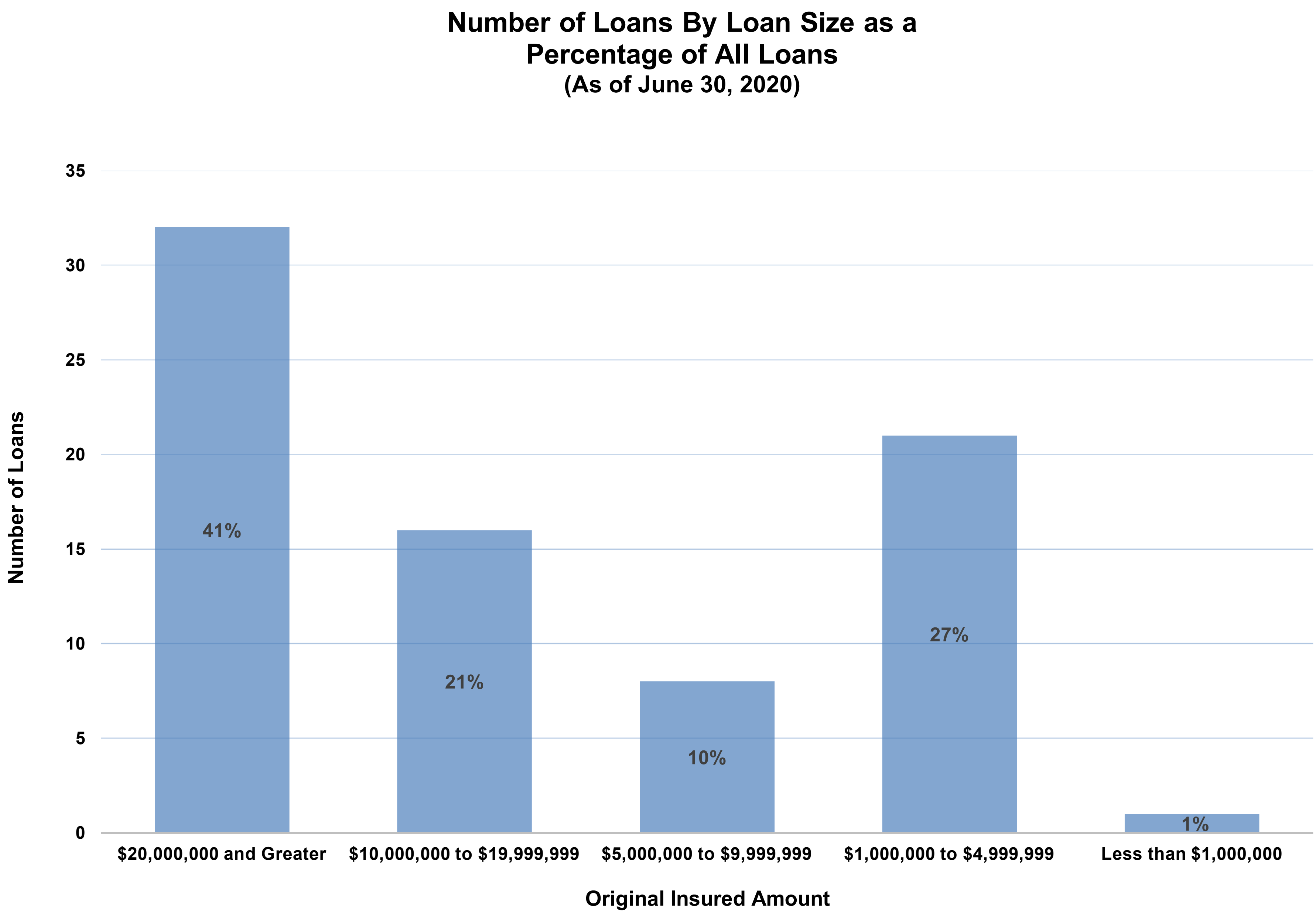
Exhibit XV

Insured Loans by Original Loan Size, *continued*

Borrower Name	Facility City	Facility Type	Dat Loa Insured	Original ured Amount	Outstanding Principal alance
Becoming Independent	Santa Rosa	ADC-DD	04/30/2013	$4,865,000	$2,710,000
Los Angeles Jewish Home for the Aging	Reseda	MULTI-CCRC	01/20/2009	$4,750,000	$0
Southern California Development - V O A, Inc.	San Diego	CDRF	03/15/2017	$4,700,000	$4,295,000
North Kern South Tulare Hospital District	Delano	SNF	02/20/2019	$4,300,000	$4,035,000
Hill Country Community Clinic	Round Mountain	CLINIC-PC	11/03/2016	$4,055,000	$3,690,000
Institute on Aging	San Francisco	MULTI-OTH	03/24/2014	$4,000,000	$2,300,000
San Fernando Valley Community Mental Health Center	Van Nuys	ADHC	06/26/1998	$3,700,000	$750,000
California Nevada Methodist Homes	Oakland	MULTI-CCRC	06/27/2018	$3,525,000	$2,999,120
Solvang Lutheran Home, Inc.	Solvang	MULTI-CCRC	07/17/2014	$3,470,000	$3,145,000
Salud Para La Gente	Watsonville	CLINIC-PC	03/17/2010	$3,350,000	$1,595,000
Community Medical Centers, Inc.	Stockton	CLINIC-PC	04/12/2005	$3,220,000	$755,000
Ararat Home of Los Angeles, Inc.	Mission Hills	MULTI-OTH	11/26/2012	$2,990,000	$415,000
TLC Child & Family Services	Sebastopol	GH-DD/MD	10/06/2011	$2,475,000	$990,000
Vocational Visions	Mission Viejo	ADC-DD	07/09/2010	$2,370,000	$1,805,000
Valley Health Team, Inc.	San Joaquin	CLINIC-PC	03/11/2008	$2,325,000	$1,150,000
Feedback Foundation	Anaheim	ADHC	12/01/1992	$2,140,000	$435,000
Options Family of Services	Morro Bay	GH-DD/MD	10/12/2017	$2,140,000	$1,845,000
Principles, Inc.	Pasadena	CDRF	04/29/2003	$2,040,000	$315,000
St. John's Well Child and Family Center	Los Angeles	CLINIC-PC	01/14/2014	$2,000,000	$0
Beacon House	San Pedro	CDRF	10/20/2011	$1,505,000	$570,000
Mountain Valley	Bieber	CLINIC-PC	10/28/1992	$1,000,000	$210,000
Loan Size: $1,000,000 to $4,999,999	**21**			**$64,920,000**	**$34,009,120**
Mountain Valley	Bieber	CLINIC-PC	03/24/1993	$900,000	$170,000
Loan Size: Less than $1,000,000	**1**			**$900,000**	**$170,000**
Total	**78**			**$2,346,630,000**	**$1,780,317,746**

Facility Type		Facility Type	
ADC-DD	Adult Day Care: Developmentally Disabled	GH-MD	Group Home: Mentally Disabled or Emotionally Disturbed
ADHC	Adult Day Health Care	HOSP	Hospital: General Acute Care
CDRF	Chemical Dependancy Recovery Facility	HOSP-DIST	Hospital: District
CLINIC-AIDS	Clinic: AIDS	HOSP-PSYCH	Hospital: Psychiatric
CLINIC-MH	Clinic: Mental Health Clinic	HOSPICE	Hospice
CLINIC-MULTI	Clinic: Multi-Speciality and Diagnostic Facility	MULTI-CCRC	Multi Level: Continuing Care Retirement Community
CLINIC-PC	Primary Care Clinic	MULTI-OTH	Multi Level: Other (Month-to-Month)
GH-DD	Group Home: Developmentally Disabled	SNF	Skilled Nursing Facility
GH-DD/MD	Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed		

Exhibit XVI



Number of Loans By Loan Size as a
Percentage of All Loans
(As of June 30, 2020)
Number of Loans
35
30
25
20
15
10
5
0
41%
21%
10%
27%
1%
$20,000,000 and Greater
$10,000,000 to $19,999,999
$5,000,000 to $9,999,999
$1,000,000 to $4,999,999
Less than $1,000,000
Original Insured Amount

Exhibit XVII

Top Ten Largest Borrowers

As of June 30, 2020

(Based on Original Insured Amount)

Borrower Name	Facility City	Facility Type	Date Loan Insured	Original Insured Amount	Outstanding Principal Balance
Enloe Medical Center	Chico	HOSP	08/21/2008	$68,915,000	$23,750,000
Enloe Medical Center	Chico	HOSP	11/19/2015	$173,730,000	$172,775,000
Total for Enloe Medical Center				**$242,645,000**	**$196,525,000**
Viamonte Senioring	Walnut Crek	MULTI-	05/24/2018	$187,230,000	$187,230,000
Total for Viamonte Senior Living				**$187,230,000**	**$187,230,000**
Los Angeles Jewish Home For The A	Los Anges	MULTI-	01/20/	$4,750,000	$0
Los Angeles Jewish Home For The A	Los Anges	MULTI-	08/27/	$115,605,000	$33,635,000
Los Angeles Jewish Home For The A	Los Anges	MULTI-	08/08/	$13,785,000	$13,785,000
Los Angeles Jewish Home For The A	Playa Vsta	MULTI-	09/26/2019	$49,730,000	$49,730,000
Total for Los Angeles Jewish Home For Aging				**$183,870,009**	**$97,150,009**
Northern California Retired Officer Commy	Fairield	MULTI-	04/04/	$32,315,000	$17,030,000
Northern California Retired Officer Commy	Fairield	MULTI-	11/30/	$22,080,000	$20,620,000
Northern California Retired Officer Commy	Fairield	MULTI-	03/07/2019	$95,685,000	$95,685,000
Total for Northern California Retired Officer Community				**$150,080,000**	**$133,335,000**
Montecro	Pasena	MULTI-	06/12/2014	$140,305,000	$43,880,000
Total for Montecedro				**$140,305,000**	**$43,880,000**
Jewish Home Of San Franci	San Fransco	SNF	11/29/2016	$135,920,000	$102,505,000
Total for Jewish Hoe Of San Francisco				**$135,920,000**	**$102,505,000**
Marshall Medical Ceer	Placelle	HP	09/26/	$17,805,000	$4,435,000
Marshall Medical Ceer	Placelle	HP	04/09/2015	$26,895,000	$25,460,000
Marshall Medical Ceer	Placelle	HP	04/27/2020	$68,875,000	$68,875,000
Total for Marshalledical Center Total				**$113,575,000**	**$98,770,000**
Casa De Las Campas	Rancho Berrdo	MULTI-	01/28/	$54,310,000	$17,045,000
Casa De Las Campas	Rancho Berrdo	MULTI-	12/04/2014	$19,000,000	$43,305,000
Casa De Las Campas	Rancho Berrdo	MULTI-	08/24/2017	$39,000,000	$51,000
Total for Casa De Las Camanas				**$112,310,000**	**$60,401,000**
Odd Fellows Home of Califrnia	Sarata	MULTI-	10/25/2012	$98,550,000	$76,125,000
Total for Odd Fes Home of California				**$98,550,000**	**$76,125,000**
Channing Hoe	Pallto	MULTI-	04/18/2017	$54,045,000	$52,780,000
Channing Hoe	Pallto	MULTI-	10/25/2017	$44,120,000	$44,120,000
Total for Channing House				**$98,165,000**	**$96,900,000**

Facility Type		Facility Type	
ADC-DD	Adult Day Care: Developmentally Disabled	GH-MD	Group Home: Mentally Disabled or Emotionally Disturbed
ADHC	Adult Day Health Care	HOSP	Hospital: General Acute Care
CDRF	Chemical Dependancy Recovery Facility	HOSP-DIST	Hospital: District
CLINIC-AIDS	Clinic: AIDS	HOSP-PSYCH	Hospital: Psychiatric
CLINIC-MH	Clinic: Mental Health Clinic	HOSPICE	Hospice
CLINIC-MULTI	Clinic: Multi-Speciality and Diagnostic Facility	MULTI-CCRC	Multi Level: Continuing Care Retirement Community
CLINIC-PC	Primary Care Clinic	MULTI-OTH	Multi Level: Other (Month-to-Month)
GH-DD	Group Home: Developmentally Disabled	SNF	Skilled Nursing Facility
GH-DD/MD	Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed		

Exhibit XVIII

ng Applications By Facility Type

s of June 30, 2020

Type of Facility	Pending Applications: Number of Applications	Pending Applications: Projected Loan Amount
Chemical Dependency Recovery Facility	0	$0
Group Homes	0	$0
Hospital	0	$0
Hospital/ Healthcare District	0	$0
Mental Health Clinic	0	$0
Multi-level CCRC	0	$0
Multi-level Other	0	$0
Other*	0	$0
Primary Care Clinic	3	$64,900,000
Skilled Nursing Facility	0	$0
Totals	**3**	**$64,900,000**

Footnote:

* "Other" category includes facility types Adult Day Care: Developmentally Disabled, Adult Day Health Care, and Hospital: Psychiatric

Exhibit XIX

Total Default Payments Net of Recoveries Paid from the Insurance Fund

(By Fiscal Year[1])

Fiscal Year[1]	Default Payments
1990–91 and prior	$0
1991–92	$4,584,603
1992–93	$0
1993–94	$148,000
1994–95	$261,000
1995–96	$10,722,145
1996–97	$22,876,277
1997–98	$14,021,240
1998–99[2]	-$19,820,529
1999–00	$15,690,270
2000–01	$12,544,006
2001–02[2]	-$11,063,345
2002–03	$11,617,742
2003–04	$12,851,801
2004–05	$11,168,374
2005–06	$12,462,424
2006–07	$8,813,472
2007–08	$11,272,891
2008–09	$15,740,392
2009–10	$10,622,563
2010–11	$18,537,151
2011–12	$9,271,430
2012–13	$17,451,660
2013–14	$3,338,288
2014–15	$7,494,037
2015–16	$11,217,977
2016–17	$11,135,173
2017–18	$11,143,364
2018-19	$10,642,699
2019-20	$10,892,292
Total	**$255,637,397**

Footnotes:

[1] Prior to the 2011 State Plan, this data was reported by calendar year. This was changed to fiscal year (July 1–June 30) in the 2011 State Plan to be consistent with other exhibits in this report.

[2] Recoveries were greater than default payments.

Additional copies of this report may be obtained online at the following website:

http://www.hcai.ca.gov/CalMort/

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