

January 30, 2020

**ACTUARIAL STUDY OF HEALTH FACILITY
CONSTRUCTION LOAN INSURANCE FUND
AS OF JUNE 30, 2018**

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

CAL-MORTGAGE LOAN INSURANCE DIVISION

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN INSURANCE
PROGRAM

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Executive Summary

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

Under the administration of OSHPD, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to needed health care. The sources of revenue for the Program are premiums and fees used to pay all default and administrative expenses. As of June 30, 2018, OSHPD insured 80 projects with an original amount insured totaling \$2,196,270,000.

The HFCLIF reserve level was analyzed by comparison to the reserve level which would be required under the standards of the Department of Insurance (DOI) if the Program were a private insurance company. The Program is not subject to DOI standards; it is important to note that the DOI standards require that private insurers have front-end capitalization of at least \$75 million before they can be licensed to do business in California. The Legislature did not capitalize the Program, but the payment of principal and interest on the loans are fully and unconditionally guaranteed by the State of California. All of the HFCLIF reserves (referred to as “cash balance” as per the Cal-Mortgage Loan Insurance Division Monthly Activity Report Ending June 30, 2018), \$169.76 million as of June 30, 2018, have been derived from the Program’s “earnings” over the past 40-plus years. Nonetheless, if the DOI standards were applied to the Program, the reserve requirement would total \$189.67 million as of June 30, 2018. Thus, under the DOI standards, there is a \$19.92 million shortfall in the HFCLIF.

The financial strength of the HFCLIF was evaluated by conducting a cash flow projection analysis, which estimates cash in-flows, out-flows, and year-end balances over the next 30 years. The projections under the Expected Scenario indicated a positive expected fund balance through Fiscal Year 2047/48.

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Introduction and Scope

Health and Safety Code, Section 129330, requires OSHPD to contract for an actuarial study in each even-numbered year to determine the reserve sufficiency of the funds held in the HFCLIF. Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) has been asked by Cal-Mortgage to conduct an actuarial analysis of the HFCLIF and the Program. Specifically, Oliver Wyman's analysis provides the following:

- A determination of the reserve sufficiency for the HFCLIF as of June 30, 2018. Calculations reflect foreseeable risks, including extraordinary administrative expenses and actual defaults (Health & Safety Code, Section 129330)
- An assessment of the risk to the State's General Fund of the Program

The study was based on the Program's insured portfolio as of June 30, 2018 and additional information provided to Oliver Wyman through April 16, 2019.

Oliver Wyman analyzed the reserve sufficiency of the HFCLIF by application of the capital and reserve standards of the California Department of Insurance. Oliver Wyman also assessed the reserve sufficiency of the HFCLIF as well as the risk to the General Fund based upon a 30-year projected cash flow analysis of the Cal-Mortgage Loan Insurance Program.

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

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

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Background

Program

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

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

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

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

Premiums and Fees

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

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

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

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

Financial Status of the Program

As of June 30, 2018, OSHPD insured 80 projects with an original amount insured totaling \$2,196,270,000. Pursuant to Health and Safety Code, Section 129210, the total amount of insured loans may not exceed \$3 billion.

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

- The HFCLIF is held and invested by the State Treasurer; HFCLIF's cash balance as of June 30, 2018 was \$169,757,738.

- The HFCLIF annual net income (insurance premiums plus recoveries from previously defaulted projects, less default expenses and administrative expenses) for 2016/17 was \$12,179,675 and for 2017/18 was \$9,186,151.¹
- The recoveries from previously defaulted projects that are deposited in the HFCLIF are generated from enforcement by OSHPD of security interests in the real and personal property of borrowers evidenced by deeds of trust, fixture filings, UCC-1s, and Deposit Account Control Agreements

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

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

¹ These figures are internally prepared, non-SCO-adjusted, non-GAAP figures

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Results and Methodology

Section I - Reserve Sufficiency of HFCLIF

Cal-Mortgage's sources of funds available to pay claims include the sale of assets over which Cal-Mortgage holds a security interest and the HFCLIF cash balance. The HFCLIF cash balance of \$169.76 million as of June 30, 2018 was analyzed against the California Department of Insurance reserve and capital requirements standard.

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

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

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

Requirements are individually discussed in the sections that follow.

Minimum Capital and Surplus Requirement

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

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

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

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

Discounted case reserves on defaulted loans as provided by Cal-Mortgage and utilized in this analysis total \$44.29 million as shown in Section I, Exhibit 2. Additionally, Section I, Exhibit 3, displays the projected loss payments by fiscal year for the same currently defaulted projects. Note that case reserves were calculated as 100% of the expected principal and interest payments on Sherman Oaks and Kern Valley's payments scheduled to be made by Cal-Mortgage, discounted. Additionally, a case reserve was added for the payments Kern Valley is currently making to the trustee, with a 10% probability applied to account for the eventuality that Kern Valley may not be able to complete these payments. This amount was then discounted.

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

If Cal-Mortgage were subject to the above statutory requirement, Oliver Wyman believes that pure IBNR reserves would be at Cal-Mortgage's discretion. As such, Oliver Wyman has included scenarios both with and without a provision for "pipeline IBNR reserves" in our analysis. Oliver Wyman is using the term "pipeline IBNR reserves" to refer to reserves for projects which may default in fiscal year 2018/19. Oliver Wyman has estimated losses from pipeline default projects based on discussions with Cal-Mortgage regarding the probability of default and estimated loss amount by project. Oliver Wyman's estimated pipeline IBNR reserve is \$10.10 million as of June 30, 2018, as summarized in Section I, Exhibit 2.

- *Future Recoveries – No deduction shall be made for anticipated salvage in computing case basis loss reserves, unless that salvage is held by or under the control of the financial guaranty*

insurance corporation and would qualify as an admitted asset, or unless that salvage constitutes or is secured by a clean, irrevocable letter of credit.

In addition to the currently defaulted or pipeline default projects previously mentioned, there are a number of previously defaulted projects that have been resolved. Based on information provided by Cal-Mortgage, Oliver Wyman has estimated the present value of recoveries from these resolved projects to be \$7.57 million. Note that although Kern Valley Healthcare District is classified as a defaulted loan, recoveries are expected to be collected. With the inclusion of Kern Valley recoveries, the total estimated recoveries are \$15.10 million. Section I, Exhibits 4 and 5 show the detailed calculation of the recoveries.

Contingency Reserves

Based on Section 12108 of the California Statutory Insurance Code, Oliver Wyman has calculated a fully funded contingency reserve provision for Cal-Mortgage of approximately \$13.44 million. Section I, Exhibit 6 shows the detailed calculation of contingency reserves.

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

Unearned Premium Reserves

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

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

The resulting unearned premium reserve provision is approximately \$61.94 million as calculated in Section I, Exhibits 7 and 8.

Total Funds Required

Oliver Wyman based its calculation of the total funds required as of June 30, 2018 on California statutory requirements. Estimates are provided with and without pipeline IBNR reserve. Section I, Exhibit 1, and Table 1, below, summarize the total funds required with and without pipeline IBNR reserves.

Table 1

Cal-Mortgage Statutory Requirements				
Item	<u>2016 Study</u>		<u>2018 Study</u>	
	Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve	Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve
Capital and Surplus	75,000,000	75,000,000	75,000,000	75,000,000
Case Reserve (Current Default)	69,988,873	69,988,873	44,294,107	44,294,107
Pipeline IBNR Reserve	N/A	4,351,500	N/A	10,101,926
Recoveries	(16,769,068)	(16,769,068)	(15,096,069)	(15,096,069)
Contingency Reserve	13,103,921	13,103,921	13,436,731	13,436,731
Unearned Premium Reserve	62,792,359	62,792,359	61,937,455	61,937,455
Total	204,116,086	208,467,586	179,572,224	189,674,150
HFCLIF Balance	166,632,464	166,632,464	169,757,738	169,757,738
Reserve Shortfall	37,483,622	41,835,122	9,814,486	19,916,412

As of June 30, 2018, the actual HFCLIF balance is \$169.76 million. Thus, under California Statutory standards, there is a \$9.81 million shortfall without considering pipeline IBNR reserves. Including the pipeline IBNR reserves increases the shortfall to \$19.92 million. It is at Cal-Mortgage's discretion to include such reserves.

Comparison to Prior Reserves

Total required reserves as of June 30, 2018 decreased by approximately \$18.79 million since the prior evaluation as of June 30, 2016. The reconciliation of prior to current loss reserve requirements is detailed in the following table.

Table 2

Cal-Mortgage Statutory Requirements Comparison (in millions)			
Item	2016 Study	2018 Study	Change
Capital and Surplus	75.00	75.00	0.00
Case Reserve (net of recoveries)	53.22	29.20	(24.02)
Pipeline IBNR Reserve	4.35	10.10	5.75
Contingency Reserve	13.10	13.44	0.33
Unearned Premium Reserve	62.79	61.94	(0.85)
Total	208.47	189.67	(18.79)
HFCLIF Balance	166.63	169.76	3.13
Reserve Shortfall	41.84	19.92	(21.92)

This decrease is predominantly due to the decrease of \$24.02 million in net case reserves since the prior evaluation. This decrease in net case reserves is mostly due to a decrease in the outstanding case reserves on current defaults of \$25.69 million. The decrease in outstanding case reserves is due most significantly to the continued pay-down of Cal-Mortgage's obligation on Sherman Oaks. The Sherman Oaks principal balance decreased \$15.01 million between June 30, 2016 and June 30, 2018. Additionally, the unearned premium reserve (UEPR) decreased by \$855 thousand. Partially offsetting the decreases noted above, the pipeline IBNR reserve increased by \$5.75 million and the contingency reserve increased by \$333 thousand.

Section II - Debt Service Coverage Ratios

Oliver Wyman conducted an analysis of the debt service coverage ratios of borrowers insured under the Cal-Mortgage Program to measure a borrower's ability to meet its debt service obligations. Oliver Wyman calculated the following two debt service ratios for calendar years 2011 through 2017 based on financial statements of active insured borrowers provided by Cal-Mortgage:

- Debt Service Coverage Ratio
- Total Income Debt Service Ratio

These ratios are defined as follows:

Debt Service Coverage Ratio =

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

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

Total Income Debt Service Ratio =

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

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

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

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

Section II, Exhibit 1, Page 2, summarizes the average debt service ratios for the Cal-Mortgage insured borrowers. In order to better understand the borrower's ability to cover debt service, three different types of ratio averages were calculated by facility type: weighted average, arithmetic

average, and median. The weighted ratio is calculated by giving weight to individual ratios in proportion to the size of each facility's component based on original loan balance. The arithmetic average ratio is calculated by adding the borrowers within a facility type and dividing by the number of borrowers regardless of loan size. The median ranks the ratios from smallest to largest and takes the mid-point. In other words, half of the borrowers' ratios are greater than the median and half are less than the median, regardless of loan size or number of borrowers.

Section II, Exhibit 1, Pages 3 and 4, display a comparison of the debt service ratios of borrowers insured by Cal-Mortgage for calendar years 2011 through 2017 by facility type. The percentage of in-force loans (based on original loan balance for each loan) is segmented by the following debt service ratios:

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

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

- Page 1 - Total of All Projects
- Page 2 - Hospitals
- Page 3 – Multi-level Facilities
- Page 4 - Clinics
- Page 5 - Skilled Nursing Facilities (SNFs)
- Page 6 - Other Facilities

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

Ability to Cover Debt Service

In reviewing the distribution of active loan amounts by facility type (Section II, Exhibit 1, Page 1), Oliver Wyman observes that the distribution of original insured amount and principal balance by type of facility has changed since the prior report. The most notable changes by distribution of principal balance are a 7% increase in Multi-levels (a continuing trend from the 2016 analysis), an 8% increase in Skilled Nursing Facilities, as well as an 11% decrease in Hospitals.

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

The weighted average debt service coverage ratio for Hospitals was considerably higher in 2012 than in other years, due to the inclusion of Chinese Hospital. In 2012 (the year in which Chinese Hospital joined the Cal-Mortgage program), Chinese Hospital paid very little in interest, which drove its debt service coverage ratio quite high. The weighted average debt service coverage ratio for Hospitals in 2013-2017 was more in line with what has been seen in the past, though somewhat of a dip in ratio was experienced in 2016.

The percentage of borrowers with debt service coverage ratios above 1.20 in 2016 and 2017 increased in comparison with recent prior years (Section II, Exhibit 1, Pages 3 and 4). In total, 82% of facilities had a cash flow debt service ratio above 1.20 in 2016 and 81% in 2017, compared with 76% in the 2015 and 73% in 2014. Both 2014 and 2015 percentages were more in line with years prior to 2012. There was a slight decrease in income debt service ratios above 1.20 in 2016 and 2017 in comparison with 2015; however, this was more in line with income debt service ratios in years prior to 2015.

Section III - Cash Flow Projections

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

Oliver Wyman's cash flow projections under the Expected Scenario indicate a positive expected fund balance through fiscal year 2047/48, with an expected ending balance of \$164.32 million. This represents an increase in ending balance as compared to the 2016 study, which projected a balance of \$94.07 million through fiscal year 2045/46; note that the projected ending cash balance at the same point in time (namely as of the end of the 2045/46 fiscal year) projected in this analysis is \$170.29 million. Table 3 provides a comparison of assumptions between the 2016 and 2018 reports. Additionally, the following contribute to the change:

- \$3.13 million increase in the starting cash balance at June 30, 2018 versus at June 30, 2016

- \$130 thousand decrease in expected premium income from annual premium loans (due to these types of loans running off)
- \$15.01 million increase in expected premium income from up-front premium loans
- \$24.83 million decrease in expected payments on current defaults over the next 30 years
- The impact on investment income due to the cumulative effect of above items
- The projected investment yield curve decreased slightly, with the average yield decreasing from 2.76% in the 2016 study to 2.71% in the current study (assuming all funds remain in the state's Pooled Money Investment Account, or PMIA). The updated yield curve results in \$9.21 million less in investment income over the forecast period, versus the investment income which would be indicated by applying the yield curve assumed in the 2016 study to the cash flows in the 2018 study. As of the current study, Oliver Wyman utilized an updated method for projecting future PMIA investment yields. A deterministic forecast of 6-month US Treasury yields was set based on forward rates implied by the US Treasury yield curve. The implied forward rates were derived using a technique called 'bootstrapping'. Oliver Wyman believes this approach more accurately reflects expectations of future economic conditions.

Table 3
Cal-Mortgage Cash Flow Analysis Change in Assumptions

Item	2016 Study	2018 Study
Average Investment Yield	2.76%	2.71%
Premium Rate	2.54%	2.66%
Certification and Inspection Fee as % of Loan Principal	0.40%	0.40%
Projected Default Rate	6.10%	6.40%
Estimated Claim Severity	64.50%	64.50%
Estimated Payment Pattern (Paid Within)	10 years	10 years
Administrative Expenses	4,880,938	4,425,158
Trend in Administrative Expenses	3.40%	3.40%

Although the study indicates that the expected fund balance will not be depleted until sometime after 2047/48, the expected net cash flow is negative in quite a few of the next thirty years. Please refer to Section III, Exhibit 1, Page 1 for more detail.

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

To measure the sensitivity associated with changes in the selected default rate, two adverse scenarios were developed (Section III, Exhibit 1, Pages 3 and 4) with default rates of 8.0% and 10.0% respectively (Adverse Scenarios). Please note that the degree of uncertainty in the projections becomes increasingly more significant in the later projection years, particularly after 15 years.

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

Table 4		
Scenario	Description	Positive Balance Until
Expected	New Loans Insured - 6.40% Default Rate	at least 2047/48
Run-Off	No New Loans Insured - 6.40% Default Rate	2044/45
Adverse	New Loans Insured - 8.0% Default Rate	at least 2047/48
Adverse	New Loans Insured - 10.0% Default Rate	2041/42

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

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

Projected Default Rate

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

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

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

An ultimate default rate is calculated for Cal-Mortgage for each issue year based on two segments of historical experience. For the first segment, based on countrywide hospitals experience (Section III, Exhibit 2, Page 2), we select a 1.15% ultimate default rate. For the second segment, based on countrywide nursing home experience (Section III, Exhibit 2, Page 5), we select an 12.10% ultimate default rate.

Based on countrywide industry data, in conjunction with the Cal-Mortgage empirical loss experience including and excluding Sherman Oaks Health System (Triad), Oliver Wyman selected a combined ultimate default rate of 6.40% (Section III, Exhibit 2, Page 1). The selected ultimate default rates for hospitals and nursing homes from the prior actuarial study were 1.20% and 12.00%, respectively; and the combined selected ultimate default rate was 6.10%.

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

Claim Severity

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

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

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

Payment Pattern

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

Termination Rate

Consideration is given to the possibility that some older loans with an annual premium will be terminated earlier than expected, and not renewed in the Program. In such cases, the HFCLIF will neither make payments on these loans after termination, nor will the HFCLIF receive premium income on these loans after termination. The selected termination rate including refinanced loans is 7.0% for 2018/19 and thereafter, as shown in Section III, Exhibit 5. As noted in the prior report, the drop in selected rate from 9.0% for 2016/17 and 2017/18 is based on the observation that termination rates had been somewhat higher in those years, but now drop back to a rate reflecting the longer-term averages.

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

Premium Income

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

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

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

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

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

Certification and Inspection Fee Income

In addition to the premium, a Certification and Inspection fee (C&I fee) is charged on the total proceeds of any new loan when any amount of the loan will be used for construction, remodel, or land purchase.

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

Administrative Expenses

Cal-Mortgage supplied Oliver Wyman with projected fiscal year 2018/19 administrative expenses of \$4.43 million, and an assumed increase in expenses of 3.4% annually thereafter.

Investment Income

Investment income for each fiscal year is calculated based on the product of an average of the prior fiscal year-end and the current fiscal year-end fund balances and an annual yield. For cash flow projections, investment income is calculated based on variable estimated investment yields that, over the next thirty years, averaging 2.71%. Oliver Wyman's approach to modeling future investment yields is discussed above.

Section IV - Risk to State's General Fund

In order to evaluate the risk to the State's General Fund of the Cal-Mortgage Program, Oliver Wyman developed a stochastic simulation model to measure the volatility of cash flow by varying the projected parameters of the cash-flow model. In addition, Oliver Wyman included a scenario analysis for the possibility of catastrophic loss.

The tables below summarize the results of the simulation model. Table 5 displays the year that the fund balance is expected to be depleted in each scenario. Table 6 shows the expected ending fund balance as of fiscal year 2047/48. Note that the size of the original loan amount for a catastrophic claim is assumed to be \$120 million.

Table 5

Cal-Mortgage Year of Fund Balance Depletion¹				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	at least 2047/48	at least 2047/48	2044/45	2033/34
70%	at least 2047/48	at least 2047/48	2039/40	2028/29
80%	at least 2047/48	at least 2047/48	2034/35	2026/27
90%	at least 2047/48	2047/48	2028/29	2023/24

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

Table 6

Cal-Mortgage Fiscal Year 2047/48 Ending Fund Balance				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	161,835,800	119,224,600	(50,798,380)	(263,744,200)
70%	149,794,000	125,313,800	(128,339,400)	(375,448,500)
80%	142,648,400	50,086,920	(188,784,900)	(460,314,100)
90%	132,645,300	(3,928,120)	(290,389,100)	(583,694,100)

For each catastrophic scenario, the mean year-end fund balance is forecasted for fiscal years 2018/19 through 2047/48 (Section IV, Exhibit 1). The greater the probability of a catastrophic default, the faster the fund balance is depleted.

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

For example, in the most pessimistic scenario in which a 10.0% probability of catastrophic loss is used (Section IV, Exhibit 5, Page 1), there is a 30.0% chance (represented by the 70.0% confidence level) that the Fund will be depleted by the end of fiscal year 2028/29. And, there is a 10.0% chance (represented by the 90.0% confidence level) that the Fund balance will be depleted by fiscal year-end 2023/24. Oliver Wyman cautions that confidence level estimates should be used as a guide in determining funding levels and not as a rigorous statistical measure of variability.

Please note that the simulation model illustrates the projected impact of actual results varying from projected results due to variability inherent in the claims process. This variability is referred to as process risk. Oliver Wyman's simulation does not reflect the variation of actual results from

projections due to parameter risk. Parameter risk refers to the risk associated with the selection of the parameters underlying the applicable projection model. The methodology also does not consider “model risk,” or the risk that the techniques used by Oliver Wyman may not be appropriate.

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

Ultimate Default Rate

A truncated lognormal distribution is used to model the ultimate default rate. The expected value of the lognormal distribution is equal to Oliver Wyman’s selected ultimate default rate of 6.40%. A coefficient of variation of 57.0% is determined based on an analysis of industry data from Income Securities Advisors (Section IV, Exhibit 6, Page 1). The lognormal distribution is truncated between 20.0% and 500.0% of the selected ultimate default rate, in order to establish reasonable bounds on the distribution, based on actuarial judgment.

Claim Severity

The claim severity was modeled as a triangle distribution with a minimum of 30.0% of OLB of the default loan and a maximum of 100.0%. The parameters are selected based on the analysis of the data from Income Securities Advisors and Cal-Mortgage’s own loss experience.

New Insured Loans

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

Termination Rate

The termination rate of loans was modeled as a triangle distribution with a minimum of 0.0% and a maximum of 15.0%.

Investment Yield

The annual investment yield for each fiscal year is independently modeled as a triangle distribution with a mean equal to the selected investment yield, with plus or minus 2% minimum and maximum,

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

Catastrophic Loss

Four scenarios with 0%, 1%, 5%, and 10% probabilities of catastrophic default have been analyzed. Catastrophic loss is assumed to be independent for each upcoming fiscal year. These scenarios are intended to assist Cal-Mortgage in evaluating the impact of catastrophic defaults or higher defaults on Hospitals in the future due to seismic upgrade costs. Section IV, Exhibit 7 shows the ten largest borrowers based on in-force insured loans. Oliver Wyman selected a catastrophe loss level of \$120 million. The claim severity of catastrophic loss is modeled by a triangle distribution with a minimum of 50% of OLB, an expected of 75% of OLB, and a maximum of 100% of OLB.

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Data

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

- State Plan – California Health Facility Construction Loan Insurance Program
- Problem Project Reports – June 2018
- Monthly Activity Report – June 30, 2018
- Detailed list of each active Cal-Mortgage loan with the following information: loan ID, name of facility, type of facility, issue date, term of loan, type of premium payment, original insured amount, status of loan (paid off, refinance, default, etc), interest rate, outstanding balance, and internal risk rating as of June 30, 2018
- Credit rating information
- Historical defaulted loan information: loan ID, default date, outstanding balance at the time of default, estimated future payment or recovery as of June 30, 2018
- Projected payments from the HFCLIF on currently defaulted projects or projects anticipated to default
- Information on resolved loans and expectations of future reimbursements to the HFCLIF
- Historical investment earnings of the HFCLIF
- Up-front premium for loans issued since the last report as well as premium receipts by month for all annual-premium loans
- Information on historical and expected administrative expenses, application income, and certification and inspection fees
- Financial statements for each insured for two fiscal years ending during calendar years 2016 and 2017

Oliver Wyman also relied on industry data as follows:

- Countrywide information regarding defaulted bonds for nursing homes and hospitals prepared by Income Securities Advisors
- Countrywide information regarding bond issues for the period 2005 to 2018 for nursing homes and hospitals prepared by Alacra, Inc.

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Distribution and Use

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

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

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Considerations and Limitations

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

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

Prospective Period Estimates – We estimated the prospective period estimates developed in this analysis based on historical experience and certain assumptions and information provided us by the client. Therefore, if actual experience or information differs from that provided by client, we would need to adjust the prospective period estimates accordingly.

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

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

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

- In addition to the risk of underestimating or overestimating the overall amount of the liabilities, there is the additional risk that the timing of the future payments will differ from the expected payout.
- There is the risk the actual future yield on the underlying assets (if any) will differ from the assumed yield rate used for determining present value factors.

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

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

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

Unanticipated Changes – We developed our conclusions based on an analysis of the data of the client named herein and on the estimation of the outcome of many contingent events. We developed our estimates from the historical experience and covered exposure, with adjustments for anticipated changes. Our estimates make no provision for extraordinary future emergence of new types of claims or defaults not sufficiently represented in historical databases or which are not yet quantifiable.

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

Uncertainty Inherent in Projections – While this analysis complies with applicable Actuarial Standards of Practice and Statements of Principles, users of this analysis should recognize that our projections involve estimates of future events and are subject to economic and statistical

variations from expected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect the frequency or severity of claims. For these reasons, we do not guarantee that the emergence of actual losses will correspond to the projections in this analysis.

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

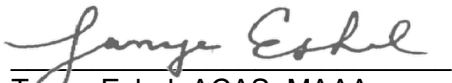
Acknowledgment of Qualifications

Esther Becker and Tanya Eshel are Associates of the Casualty Actuarial Society (ACAS), Members of the American Academy of Actuaries (MAAA), and meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial analysis contained herein.

Oliver Wyman Actuarial Consulting, Inc.:



Esther Becker, ACAS, MAAA
Four Embarcadero Center, Suite 1100
San Francisco, CA 94111
(415) 743-7940
esther.becker@oliverwyman.com



Tanya Eshel, ACAS, MAAA
Four Embarcadero Center, Suite 1100
San Francisco, CA 94111
(415) 743-7941
tanya.eshel@oliverwyman.com

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Legend

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

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

**Summary of California Statutory Requirements
Based on Data as of June 30, 2018**

	Statutory Item	Total Reserve without Pipeline IBNR	Total Reserve with Pipeline IBNR
(1)	Capital and Surplus	75,000,000	75,000,000
(2)	Case Reserve (Current Default)	44,294,107	44,294,107
(3)	Pipeline IBNR Reserve	N/A	10,101,926
(4)	Recoveries	(15,096,069)	(15,096,069)
(5)	Contingency Reserve	13,436,731	13,436,731
(6)	Unearned Premium Reserve	61,937,455	61,937,455
(7)	Total	179,572,224	189,674,150

Notes:

- (1) Minimum capital and surplus requirement according to California Statutory Insurance Code Section 12107
- (2) From Section I, Exhibit 2, Column (11) - Total defaulted as of 6/30/18
- (3) From Section I, Exhibit 2, Column (11) - Pipeline defaulted after 6/30/18
- (4) From Section I, Exhibit 4, Column (9) and Section I, Exhibit 5, Column (5); including Kern Valley
- (5) From Section I, Exhibit 6, Row (3)
- (6) From Section I, Exhibit 7, Row (6)
- (7) Sum of Rows (1) through (6)

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

Summary of Defaulted Loans - Current or in Pipeline
Case Reserves as of June 30, 2018

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Loan ID	Borrower	Dates of Default	Original Loan Balance	Loan Balance at Time of Default	Current Loan Principal Balances	Projected Principal and Interest Payment	Probability of Payment	Estimated Undiscounted Case Reserve	Discount Factor	Estimated Discounted Case Reserve
0695, 1007	Sherman Oaks Health System	7/26/1995, 12/11/2013	182,230,000	206,755,000	39,220,000	42,931,227	100%	42,931,227	96.3%	41,342,506
0764, 0830	Kern Valley Healthcare District *	6/23/2010, 7/1/2011	17,770,000	14,438,133	6,070,300	6,198,681				
	a) Kern Valley Shortfall					2,728,000	100%	2,728,000	96.0%	2,617,822
	b) Kern Valley Bond Payment to Trustee					3,470,681	10%	347,068	96.2%	333,780
Pipeline Default (Financial Performance Problems) **										
	CA Nevada Methodist Homes		36,445,000		32,685,705		25%	8,171,426	N/A	8,171,426
	San Benito Health Care District		24,915,000		19,305,000		10%	1,930,500	N/A	1,930,500
<i>Total Defaulted as of 6/30/18</i>			<i>200,000,000</i>	<i>221,193,133</i>	<i>45,290,300</i>			<i>46,006,295</i>		<i>44,294,107</i>
<i>Pipeline Default After 6/30/18</i>			<i>61,360,000</i>	<i>N/A</i>	<i>51,990,705</i>			<i>10,101,926</i>		<i>10,101,926</i>
TOTALS			261,360,000	221,193,133	97,281,005			56,108,221		54,396,033

Notes:

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

(9) = (7) x (8)

(10) from Section I, Exhibit 3

(11) = (9) x (10)

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

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

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

**Projected Principal and Interest Payment for Defaulted Loans
Nominal (Excluding Pipeline)
Based on Data as of June 30, 2018**

	(1)	(2)	(3)	(4)	(5)
Fiscal Year	Sherman Oaks Health System	Kern Valley Healthcare District Shortfall	Kern Valley Healthcare District Bond Payment to Trustee	Total	Total, Probability Adjusted
7/1/2018-6/30/2019	11,311,102	633,000	917,331	12,861,433	12,035,835
7/1/2019-6/30/2020	11,822,000	660,000	890,500	13,372,500	12,571,050
7/1/2020-6/30/2021	11,808,250	700,000	850,675	13,358,925	12,593,318
7/1/2021-6/30/2022	7,989,875	735,000	812,175	9,537,050	8,806,093
7/1/2022-6/30/2023					
(6) Total (Undiscounted)	42,931,227	2,728,000	3,470,681	49,129,908	46,006,295
(7) Expected PV(loss) after 6/30/18	41,342,506	2,617,822	3,337,797	47,298,125	44,294,107
(8) Discount Factor	96.30%	95.96%	96.17%	96.27%	96.28%
(9) Probability of Payment	100.00%	100.00%	10.00%		

Notes:

(1) Provided by Cal-Mortgage

(2) Provided by Cal-Mortgage

(3) Provided by Cal-Mortgage

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

(5) = 4, adjusted by probability of payment in (9)

(6) Sum of each column

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

(8) = (7) / (6)

(9) from Section I, Exhibit 2, Column 8

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

Summary of Resolved Loans
Based on Data as of June 30, 2018

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Loan ID	Borrower	Original Loan Balance	Date of Loan Default	Loan Balance at Time of Default	Total Net Payment From HFCLIF*	Date Resolved	Estimated Recoveries or Future Income**	Estimated Discounted Recovery
0446, 0846, 0926	Hermanidad Mexicana Nacional	4,585,000	12/29/1998	4,095,000	4,231,569	9/9/2010	680,951	616,467
0738, 0739, 0748	Los Medanos HealthCare District	11,080,000	8/28/1995	9,161,896	1,702,671	6/18/2007	1,000,000	978,949
0973	Verdugo Mental Health	6,315,000	12/9/2010	5,220,000	4,246,249	5/13/2011	6,577,023	4,722,997
0564, 0929, 0944, 0945	Mendocino Coast District Hospital	12,830,000	12/14/2012	1,000,000	624,539	3/31/2015	945,561	1,254,810
TOTALS		34,810,000			10,805,028		9,203,535	7,573,223

Notes:

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

(9) From Section I, Exhibit 5

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

** Recovery or future income includes principal and interest income

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

Estimated Recoveries by Borrower
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Fiscal Period	Hernandez Mexicana Nacional	Los Medanos HealthCare District	Verdugo Mental Health	Mendocino Coast District Hospital	Kern Valley Healthcare District	Total	Total, Probability Adjusted
7/1/2018-6/30/2019	72,897	500,000	252,962	233,207	211,180	1,270,247	1,217,452
7/1/2019-6/30/2020	72,897	500,000	252,962	223,207	241,570	1,290,637	1,230,244
7/1/2020-6/30/2021	72,897		252,962	243,884	273,310	843,053	774,726
7/1/2021-6/30/2022	72,897		252,962	245,264	307,050	878,173	801,411
7/1/2022-6/30/2023	72,897		252,962		1,052,340	1,378,200	1,115,115
7/1/2023-6/30/2024	72,897		252,962		1,025,590	1,351,450	1,095,052
7/1/2024-6/30/2025	72,897		252,962		993,340	1,319,200	1,070,865
7/1/2025-6/30/2026	72,897		252,962		980,840	1,306,700	1,061,490
7/1/2026-6/30/2027	72,897		252,962		967,090	1,292,950	1,051,177
7/1/2027-6/30/2028	24,874		252,962		962,090	1,239,926	999,404
7/1/2028-6/30/2029			252,962		935,340	1,188,302	954,467
7/1/2029-6/30/2030			252,962		899,635	1,152,597	927,688
7/1/2030-6/30/2031			252,962			252,962	252,962
7/1/2031-6/30/2032			252,962			252,962	252,962
7/1/2032-6/30/2033			252,962			252,962	252,962
7/1/2033-6/30/2034			252,962			252,962	252,962
7/1/2034-6/30/2035			252,962			252,962	252,962
7/1/2035-6/30/2036			252,962			252,962	252,962
7/1/2036-6/30/2037			252,962			252,962	252,962
7/1/2037-6/30/2038			252,962			252,962	252,962
7/1/2038-6/30/2039			252,962			252,962	252,962
7/1/2039-6/30/2040			252,962			252,962	252,962
7/1/2040-6/30/2041			252,962			252,962	252,962
7/1/2041-6/30/2042			252,962			252,962	252,962
7/1/2042-6/30/2043			252,962			252,962	252,962
7/1/2043-6/30/2044			252,962			252,962	252,962
7/1/2044-6/30/2045							
(8) Total (undiscounted)	680,951	1,000,000	6,577,023	945,561	8,849,372	18,052,907	15,840,564
(9) Probability of recovery	100%	100%	100%	100%	75%		
(10) Probable recovery	680,951	1,000,000	6,577,023	945,561	6,637,029	15,840,564	15,840,564
(11) Discounted recovery	616,467	978,949	4,722,997	1,254,810	7,522,847	15,096,069	13,847,444

Notes:

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

(6) = (1) + (2) + (3) + (5)

(7) = (6), adjusted by probability of payment

(8) Sum of each column

(9) Provided by Cal-Mortgage

(10) = (8) x (9)

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

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

**Contingency Reserves Calculation
Based on Data as of June 30, 2018**

(1)	Principal Outstanding	1,679,591,385
(2)	Contingency Factor	0.80%
(3)	Contingency Reserves Requirement	13,436,731

Notes:

(1) Provided by Cal-Mortgage

(2) According to California Statutory Insurance Code Section 12108

(3) = (1) x (2)

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

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

**Unearned Premium Reserves Calculation
Based on Data as of June 30, 2018**

	(1)	(2)	(3)
Month	Annual Premium	Unearned Premium Reserve Factor	Unearned Premium Reserves
Jul-17	0	0.0417	0
Aug-17	5,592	0.1250	699
Sep-17	3,099	0.2083	646
Oct-17	1,605	0.2917	468
Nov-17	6,357	0.3750	2,384
Dec-17	5,550	0.4583	2,544
Jan-18	0	0.5417	0
Feb-18	0	0.6250	0
Mar-18	1,334	0.7083	945
Apr-18	0	0.7917	0
May-18	5,853	0.8750	5,121
Jun-18	0	0.9583	0

(4)	Subtotal (Annual Premium)	12,807
(5)	Subtotal (One-time Premium)	61,924,648
(6)	Total Unearned Premium Reserves	61,937,455

Notes:

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Unearned Premium Reserves Calculation - One-time Nonrefundable Premium*
Based on Data as of June 30, 2018

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Project Number	Borrower Name	Project Name	Facility Group	Date Loan Insured	Original Insured Amount	Current Principal Balance	Total Premium	Unearned Premium
0764	KERN VALLEY HEALTHCARE DISTRICT	KERN VALLEY HEALTHCARE DISTRICT - L O C	HOSP	23-Jun-2000	5,000,000	605,300	6,075	0
0777	PROTOTYPES	PROTOTYPES	OTHER	27-Jun-2001	4,195,000	1,385,000	228,529	75,450
0804	NORTH COUNTY SERENITY HOUSE	NORTH COUNTY SERENITY HOUSE	OTHER	28-Jan-2003	5,795,000	2,945,000	314,395	159,775
0815	PRINCIPLES, INC.	PRINCIPLES, INC.	OTHER	29-Apr-2003	2,040,000	600,000	92,054	27,075
0826	MOMENTUM FOR MENTAL HEALTH	MOMENTUM FOR MENTAL HEALTH - AMBAC	OTHER	13-Nov-2003	10,500,000	3,160,000	462,698	139,250
0830	KERN VALLEY HEALTHCARE DISTRICT	KERN VALLEY HEALTHCARE DISTRICT	HOSP	26-Sep-2003	17,770,000	5,465,000	821,553	252,661
0851	HEALTHRIGHT 360	HEALTHRIGHT 360 (WALDEN HOUSE) - RADIANT	OTHER	30-Dec-2004	7,475,000	2,215,000	316,354	93,742
0859	COMMUNITY MEDICAL CENTER, INC.	COMMUNITY MEDICAL CENTERS, INC. - F G I C	CLINIC	12-Apr-2005	3,220,000	1,195,000	145,060	53,834
0895	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	MULTI	14-Feb-2008	59,595,000	17,595,000	2,694,101	795,414
0897	VALLEY HEALTH TENTAL, INC.	VALLEY HEALTH TENTAL, INC.	CLINIC	11-Mar-2008	2,325,000	1,400,000	112,760	67,898
0900	LA MAESTRA FAMILY CLINIC, INC.	LA MAESTRA FAMILY CLINIC, INC.	CLINIC	04-Sep-2008	16,500,000	15,730,000	1,029,251	875,142
0902	HEALTHRIGHT 360	HEALTHRIGHT 360 (WALDEN HOUSE - L O C)	OTHER	18-Jul-2008	4,500,000	4,500,000	10,800	0
0911	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING - L O C	MULTI	20-Jan-2009	4,750,000	-	57,000	0
0930	SALUD PARA LA GENTE	SALUD PARA LA GENTE	CLINIC	17-Mar-2010	3,350,000	2,035,000	142,165	86,360
0931	THE HELP GROUP	THE HELP GROUP	CLINIC	19-Nov-2009	5,395,000	4,665,000	335,920	290,467
0932	ST. ROSE HOSPITAL	ST. ROSE HOSPITAL - L O C	HOSP	28-May-2009	10,000,000	-	42,175	0
0940	CASA DE LAS CAMPANAS	CASA DE LAS CAMPANAS	MULTI	28-Jan-2010	54,310,000	45,990,000	1,973,772	1,675,635
0951	VOCATIONAL VISIONS	VOCATIONAL VISIONS	OTHER	09-Jul-2010	2,370,000	1,945,000	129,960	106,655
0952	NORTH KERN - SOUTH TULARE HOSPITAL DISTRICT	NORTH KERN SOUTH TULARE HOSPITAL DISTRICT	SNF	09-Sep-2010	7,115,000	4,985,000	331,817	232,482
0955	LINCOLN GLEN MANOR FOR SENIOR CITIZENS	LINCOLN GLEN MANOR	MULTI	27-Apr-2011	14,000,000	1,240,000	805,319	71,328
0961	UNITED HEALTH CENTER OF THE SAN JOAQUIN VALLEY	UNITED HEALTH CENTERS OF THE SAN JOAQUIN VALLEY	CLINIC	20-Apr-2011	5,020,000	4,455,000	343,846	305,146
0963	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	OTHER	17-Feb-2011	76,970,000	49,090,000	2,319,304	1,479,208
0964	FELLOWSHIP HOMES, INC.	FELLOWSHIP HOMES - CASA DE MODESTO	MULTI	07-Oct-2011	2,785,000	770,000	99,044	27,384
0971	T L C CHILD & FAMILY SERVICES	TLC CHILD & FAMILY SERVICES	OTHER	06-Oct-2011	2,475,000	1,420,000	94,978	54,492
0974	GATEWAYS HOSPITAL & MENTAL HEALTH CENTERS	GATEWAYS HOSPITAL & MENTAL HEALTH CENTER	HOSP	01-Dec-2011	6,085,000	6,785,000	428,068	359,238
0976	THE HELP GROUP	THE HELP GROUP	CLINIC	23-Oct-2011	23,380,000	13,310,000	901,645	513,737
0990	BEACON HOUSE	BEACON HOUSE ASSOCIATION, THE	OTHER	20-Oct-2011	1,505,000	825,000	55,900	30,643
8338	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER - AMBAC	HOSP	25-Mar-2004	20,000,000	20,000,000	1,943,759	1,943,759
903A	ENLOE MEDICAL CENTER	ENLOE MEDICAL CENTER	HOSP	20-Aug-2008	68,915,000	33,920,000	1,935,403	952,606
0991	ARARAT HOME OF LOS ANGELES, INC.	ARARAT HOME OF LOS ANGELES, INC.	MULTI	26-Nov-2012	2,990,000	1,205,000	103,445	41,689
0999	BECOMING INDEPENDENT	BECOMING INDEPENDENT	OTHER	30-Apr-2013	4,865,000	3,400,000	186,500	131,737
0989	CHINESE HOSPITAL	CHINESE HOSPITAL	HOSP	08-Sep-2013	65,000,000	60,960,000	2,347,915	2,201,702
1002	COMMUNITY CHURCH RETIREMENT CENTER	COMMUNITY CHURCH RETIREMENT CENTER (THE REDWOODS)	MULTI	26-Nov-2013	29,970,000	28,930,000	1,700,435	1,641,428
1012	INSTITUTE ON AGING	INSTITUTE ON AGING - L O C	MULTI	24-Mar-2014	4,000,000	2,500,000	6,750	0
0992	LOMPOC DISTRICT HOSPITAL	LOMPOC DISTRICT HOSPITAL	HOSP	07-Mar-2013	18,875,000	17,625,000	861,510	804,456
0997	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	MULTI	20-Dec-2013	71,155,000	60,950,000	2,270,808	1,945,131
0984	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER	HOSP	26-Sep-2012	17,805,000	7,870,000	414,659	183,284
1001	MONTECEDRO	MONTECEDRO	MULTI	12-Jun-2014	140,305,000	44,805,000	5,513,337	1,780,629
0996	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	MULTI	04-Apr-2013	32,315,000	21,825,000	805,505	544,700
0987	O'CONNOR WOODS HOLDING COMPANY	O'CONNOR WOODS	MULTI	12-Jun-2013	49,115,000	45,225,000	1,799,465	1,656,944
0982	ODD FELLOWS HOME OF CALIFORNIA	ODD FELLOWS HOME OF CALIFORNIA	MULTI	25-Oct-2012	98,550,000	82,905,000	3,638,187	3,060,618
1003	POWAY R H F HOUSING, INC.	POWAY R H F HOUSING, INC. - THE GATEWAY	MULTI	07-Nov-2013	13,345,000	11,775,000	675,468	596,001
0983	SAN BENITO HEALTH CARE DISTRICT	SAN BENITO HEALTH CARE DISTRICT	HOSP	19-Mar-2013	24,915,000	19,305,000	953,981	739,177
1011	ST. JOHN'S WELL CHILD AND FAMILY CENTER	ST JOHN'S WELL CHILD AND FAMILY CENTER - L O C	CLINIC	14-Jan-2014	2,000,000	-	1,792,000	0
0977	THE HELP GROUP	THE HELP GROUP	CLINIC	02-Nov-2012	6,210,000	5,425,000	384,321	335,739
1018	CALIFORNIA NEVADA METHODIST HOMES	FOREST HILL MANOR (CA NEV METHODIST HOMES)	MULTI	20-Oct-2015	32,920,000	31,990,000	1,368,150	1,329,499
1015	CASA DE LAS CAMPANAS	CASA DE LAS CAMPANAS	MULTI	04-Dec-2014	19,000,000	18,190,000	279,145	267,245
1021	ENLOE MEDICAL CENTER	ENLOE MEDICAL CENTER	HOSP	19-Nov-2015	173,730,000	173,730,000	3,346,810	3,346,810
1016	LINCOLN GLEN MANOR FOR SENIOR CITIZENS	LINCOLN GLEN MANOR	MULTI	11-Feb-2015	11,965,000	11,870,000	402,951	399,752
1009	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	MULTI	27-Aug-2014	115,605,000	33,735,000	4,956,309	1,446,314
1017	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER	HOSP	09-Apr-2015	26,895,000	26,515,000	791,050	779,873
1014	NORTHERN CALIFORNIA PRESBYTERIAN HOMES & SERVICES	NORTHERN CALIFORNIA PRESBYTERIAN HOMES	MULTI	15-Apr-2015	63,210,000	60,770,000	2,122,766	2,040,824
1027	SIERRA VIEW HOMES INC.	SIERRA VIEW HOMES INC.	MULTI	09-Jun-2016	12,310,000	11,940,000	342,440	332,148
1006	SOLVANG LUTHERAN HOME, INC.	SOLVANG LUTHERAN HOME, INC.	MULTI	17-Jul-2014	3,470,000	3,340,000	151,941	146,249
1025	ST. ROSE HOSPITAL	ST. ROSE HOSPITAL	HOSP	25-May-2016	38,000,000	33,579,380	1,014,952	896,880
1035	ASIAN COMMUNITY CENTER OF SACRAMENTO VALLEY	ASIAN COMMUNITY SKILLED NURSING FACILITY	SNF	22-Nov-2016	16,080,000	15,545,000	443,678	428,916
1032	ATHERTON BAPTIST HOMES	ATHERTON BAPTIST HOMES	MULTI	04-Nov-2016	31,390,000	30,435,000	1,302,380	1,262,757
1053	CALIFORNIA NEVADA METHODIST HOMES	CALIFORNIA NEVADA METHODIST HOMES	MULTI	27-Jun-2018	3,525,000	695,705	9,728	1,920
1031	CASA DE LAS CAMPANAS	CASA DE LAS CAMPANAS	MULTI	24-Aug-2017	39,000,000	51,000	541,157	708
1041	CHANNING HOUSE	CHANNING HOUSE	MULTI	30-Nov-2017	54,045,000	53,760,000	1,732,948	1,723,810
1044	CHANNING HOUSE	CHANNING HOUSE	MULTI	25-Oct-2017	44,120,000	44,120,000	2,735,573	2,735,573
1034	HILL COUNTRY COMMUNITY CLINIC	HILL COUNTRY COMMUNITY CLINIC	CLINIC	03-Nov-2016	4,055,000	3,975,000	127,486	124,971
1043	INSTITUTE ON AGING	INSTITUTE ON AGING	MULTI	31-May-2017	34,355,000	34,355,000	1,276,937	1,276,937
1022	JEWISH HOME OF SAN FRANCISCO	JEWISH HOME OF SAN FRANCISCO	SNF	29-Nov-2016	135,920,000	135,920,000	6,667,494	6,667,494
1030	MENDOCINO COAST HEALTH CARE DISTRICT CORP.	MENDOCINO COAST HOSPITAL	HOSP	29-Jul-2016	5,745,000	5,090,000	170,817	151,342
1029	MOUNTAIN SHADOWS SUPPORT GROUP	MOUNTAIN SHADOWS SUPPORT GROUP	OTHER	27-Oct-2016	13,240,000	11,740,000	524,444	465,028
1037	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	PARADISE ESTATES	MULTI	30-Nov-2016	22,000,000	21,800,000	618,237	604,937
1045	OPTIONS FAMILY OF SERVICES	OPTIONS FAMILY OF SERVICES	OTHER	12-Oct-2017	2,140,000	2,085,000	61,203	59,630
1033	PETALUMA HEALTH CENTER	PETALUMA HEALTH CENTER	CLINIC	13-Sep-2016	5,775,000	5,600,000	153,716	149,058
1038	PILGRIM PLACE IN CLAREMONT, INC.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI	30-Nov-2016	36,055,000	35,045,000	1,345,360	1,307,673
1028	SANTA ROSA COMMUNITY HEALTH CENTERS	SANTA ROSA COMMUNITY HEALTH CENTERS	CLINIC	12-Jul-2016	11,105,000	10,375,000	174,301	162,843
1042	SOUTHERN CALIFORNIA DEVELOPMENT - V O A, INC.	V O A NATIONAL CITY	OTHER	15-Mar-2017	4,700,000	4,660,000	154,947	153,628
1040	ST. JOHN'S WELL CHILD AND FAMILY CENTER	ST. JOHN'S WELL CHILD AND FAMILY CENTER	CLINIC	12-Jul-2017	5,250,000	5,250,000	174,251	174,251
1047	VIAMONTE SENIOR LIVING	VIAMONTE SENIOR LIVING	MULTI	24-May-2018	187,230,000	187,230,000	7,174,964	7,174,964
TOTALS					2,185,650,000	1,676,131,385	81,801,826	61,924,648

Notes:

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

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

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

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

**Distribution of Active Loans by Facility Type
Based on Data as of June 30, 2018**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Facility Type	Number of Projects	Number of Borrowers	Original Insured Amount	Principal Balance	Distribution By Number of Projects	Distribution By Number of Borrowers	Distribution By Original Loan Amount	Distribution By Principal Outstanding
Hospitals	14	9	500,735,000	411,449,680	17.5%	15.0%	22.8%	24.5%
Multi-levels	30	20	1,287,465,000	944,846,705	37.5%	33.3%	58.6%	56.3%
Clinics	15	11	97,465,000	74,010,000	18.8%	18.3%	4.4%	4.4%
SNF	3	3	159,115,000	156,450,000	3.8%	5.0%	7.2%	9.3%
Other	18	17	151,490,000	92,835,000	22.5%	28.3%	6.9%	5.5%
Total	80	60	2,196,270,000	1,679,591,385	100.0%	100.0%	100.0%	100.0%

Notes:

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

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

Section II
Exhibit 1
Page 2

Summary of Debt Service Coverage Ratios

Facility Type	Weighted Average							Average							Median						
	2017	2016	2015	2014	2013	2012	2011	2017	2016	2015	2014	2013	2012	2011	2017	2016	2015	2014	2013	2012	2011
Hospitals	2.37	1.70	3.32	2.53	1.93	13.46	1.75	2.31	1.78	2.99	1.83	1.36	1.89	1.25	2.58	2.58	2.63	1.63	1.11	1.86	1.34
Multi-levels	1.93	1.73	1.74	2.18	2.68	2.90	2.26	1.74	1.46	2.29	2.00	2.23	1.60	1.87	2.11	1.85	1.84	1.79	2.16	1.67	1.77
Clinics	2.54	3.17	4.06	3.62	2.89	3.58	4.26	3.15	3.13	4.27	5.07	2.17	2.62	2.59	3.02	3.27	3.29	2.81	2.68	2.97	2.43
SNF	2.33	8.86	2.02	2.42	2.52	2.85	3.89	2.68	5.72	2.03	2.19	2.45	2.85	3.31	4.12	2.92	2.04	1.90	2.33	2.85	5.58
Other	1.50	2.06	1.63	1.52	1.86	2.30	5.28	1.16	2.25	1.83	1.52	1.88	3.18	5.33	1.61	1.88	1.59	1.58	1.34	1.11	1.73
Total	2.10	2.61	2.51	2.42	2.33	7.82	2.45	2.08	1.85	2.80	2.31	1.79	1.99	1.92	2.20	2.15	2.26	1.93	1.81	1.57	1.94

Summary of Income Debt Service Ratios

Facility Type	Weighted Average							Average							Median						
	2017	2016	2015	2014	2013	2012	2011	2017	2016	2015	2014	2013	2012	2011	2017	2016	2015	2014	2013	2012	2011
Hospitals	0.93	0.28	2.10	1.36	0.86	11.26	0.87	0.93	0.49	1.85	0.78	0.47	1.10	0.47	1.03	1.23	1.55	0.48	0.30	0.98	0.58
Multi-levels	0.80	0.78	0.46	0.94	1.43	1.84	0.86	0.78	0.60	1.07	0.98	1.21	0.86	1.06	0.91	0.85	0.68	0.90	1.00	0.82	1.05
Clinics	1.70	2.13	2.76	2.30	1.55	2.41	2.83	2.27	2.14	3.11	3.73	1.20	1.75	1.64	1.68	2.23	1.97	1.49	1.12	1.68	1.59
SNF	1.53	6.70	0.77	1.23	1.15	1.59	2.55	1.82	3.97	0.79	1.00	1.07	1.59	2.17	3.01	1.54	0.82	0.71	0.92	1.59	3.66
Other	1.00	1.36	1.10	1.05	1.21	1.47	4.45	0.77	1.57	1.22	0.97	1.24	2.36	4.50	1.12	1.07	1.15	1.15	0.78	0.65	1.27
Total	0.96	1.41	1.31	1.27	1.18	6.23	1.29	1.05	0.86	1.66	1.27	0.86	1.20	1.09	1.08	1.08	1.29	1.05	0.97	0.82	1.17

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Summary of Debt Service Coverage Ratios over Last Seven Years

Debt Service Coverage Ratios

Facility Type	2017			2016			2015			2014			2013			2012			2011		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	0%	14%	86%	25%	0%	75%	18%	0%	82%	25%	8%	67%	46%	8%	46%	31%	0%	69%	42%	8%	50%
Multi-levels	19%	6%	75%	20%	5%	75%	25%	5%	70%	24%	10%	67%	16%	0%	84%	17%	6%	78%	5%	0%	95%
Clinics	0%	0%	100%	7%	0%	93%	5%	0%	95%	17%	4%	79%	23%	5%	73%	35%	0%	65%	14%	4%	82%
SNF	0%	0%	100%	0%	0%	100%	0%	0%	100%	50%	0%	50%	0%	0%	100%	0%	0%	100%	0%	0%	100%
Other	29%	0%	71%	13%	7%	80%	26%	16%	58%	18%	5%	77%	29%	19%	52%	48%	4%	48%	19%	8%	73%
Total	15%	4%	81%	15%	3%	82%	18%	6%	76%	21%	6%	73%	26%	8%	66%	34%	3%	64%	17%	4%	79%

Income Debt Service Ratios

Facility Type	2017			2016			2015			2014			2013			2012			2011		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	43%	14%	43%	38%	13%	50%	45%	0%	55%	67%	17%	17%	69%	0%	31%	54%	8%	38%	67%	0%	33%
Multi-levels	56%	19%	25%	60%	15%	25%	55%	10%	35%	57%	14%	29%	47%	11%	42%	67%	6%	28%	48%	14%	38%
Clinics	25%	13%	63%	40%	0%	60%	20%	5%	75%	38%	0%	63%	32%	23%	45%	48%	0%	52%	43%	0%	57%
SNF	0%	0%	100%	33%	0%	67%	100%	0%	0%	50%	0%	50%	50%	0%	50%	0%	0%	100%	0%	0%	100%
Other	50%	0%	50%	47%	7%	47%	47%	5%	47%	45%	5%	50%	62%	10%	29%	72%	12%	16%	42%	8%	50%
Total	45%	11%	45%	48%	8%	44%	43%	6%	51%	49%	7%	43%	51%	12%	38%	60%	6%	34%	46%	6%	48%

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

Summary of Debt Service Ratios

Debt Service Coverage Ratios

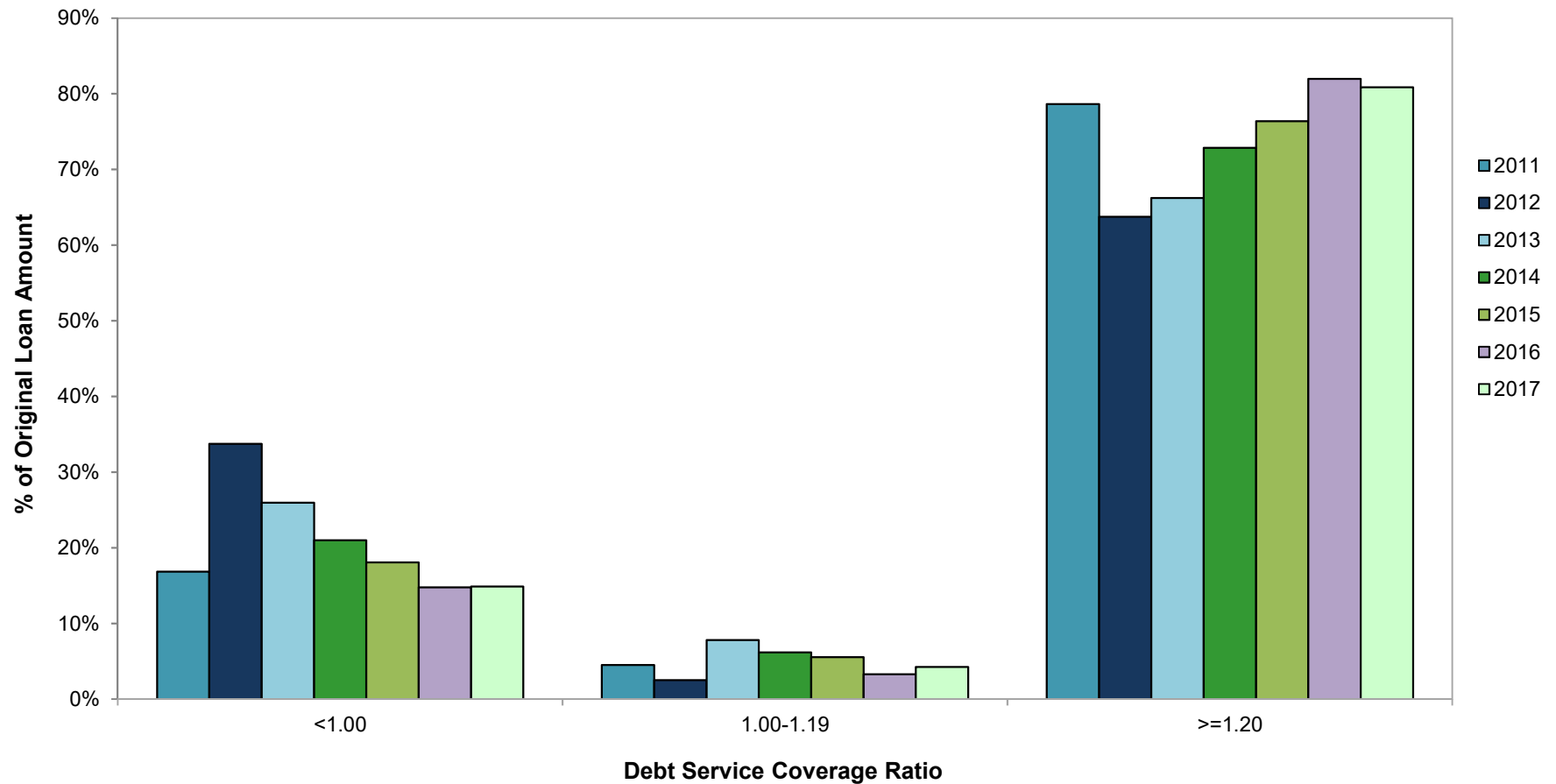
Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2011	17%	4%	79%	42%	8%	50%	5%	0%	95%	14%	4%	82%	0%	0%	100%	19%	8%	73%
2012	34%	3%	64%	31%	0%	69%	17%	6%	78%	35%	0%	65%	0%	0%	100%	48%	4%	48%
2013	26%	8%	66%	46%	8%	46%	16%	0%	84%	23%	5%	73%	0%	0%	100%	29%	19%	52%
2014	21%	6%	73%	25%	8%	67%	24%	10%	67%	17%	4%	79%	50%	0%	50%	18%	5%	77%
2015	18%	6%	76%	18%	0%	82%	25%	5%	70%	5%	0%	95%	0%	0%	100%	26%	16%	58%
2016	15%	3%	82%	25%	0%	75%	20%	5%	75%	7%	0%	93%	0%	0%	100%	13%	7%	80%
2017	15%	4%	81%	0%	14%	86%	19%	6%	75%	0%	0%	100%	0%	0%	100%	29%	0%	71%

Income Debt Service Ratios

Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2011	46%	6%	48%	67%	0%	33%	48%	14%	38%	43%	0%	57%	0%	0%	100%	42%	8%	50%
2012	60%	6%	34%	54%	8%	38%	67%	6%	28%	48%	0%	52%	0%	0%	100%	72%	12%	16%
2013	51%	12%	38%	69%	0%	31%	47%	11%	42%	32%	23%	45%	50%	0%	50%	62%	10%	29%
2014	49%	7%	43%	67%	17%	17%	57%	14%	29%	38%	0%	63%	50%	0%	50%	45%	5%	50%
2015	43%	6%	51%	45%	0%	55%	55%	10%	35%	20%	5%	75%	100%	0%	0%	47%	5%	47%
2016	48%	8%	44%	38%	13%	50%	60%	15%	25%	40%	0%	60%	33%	0%	67%	47%	7%	47%
2017	45%	11%	45%	43%	14%	43%	56%	19%	25%	25%	13%	63%	0%	0%	100%	50%	0%	50%

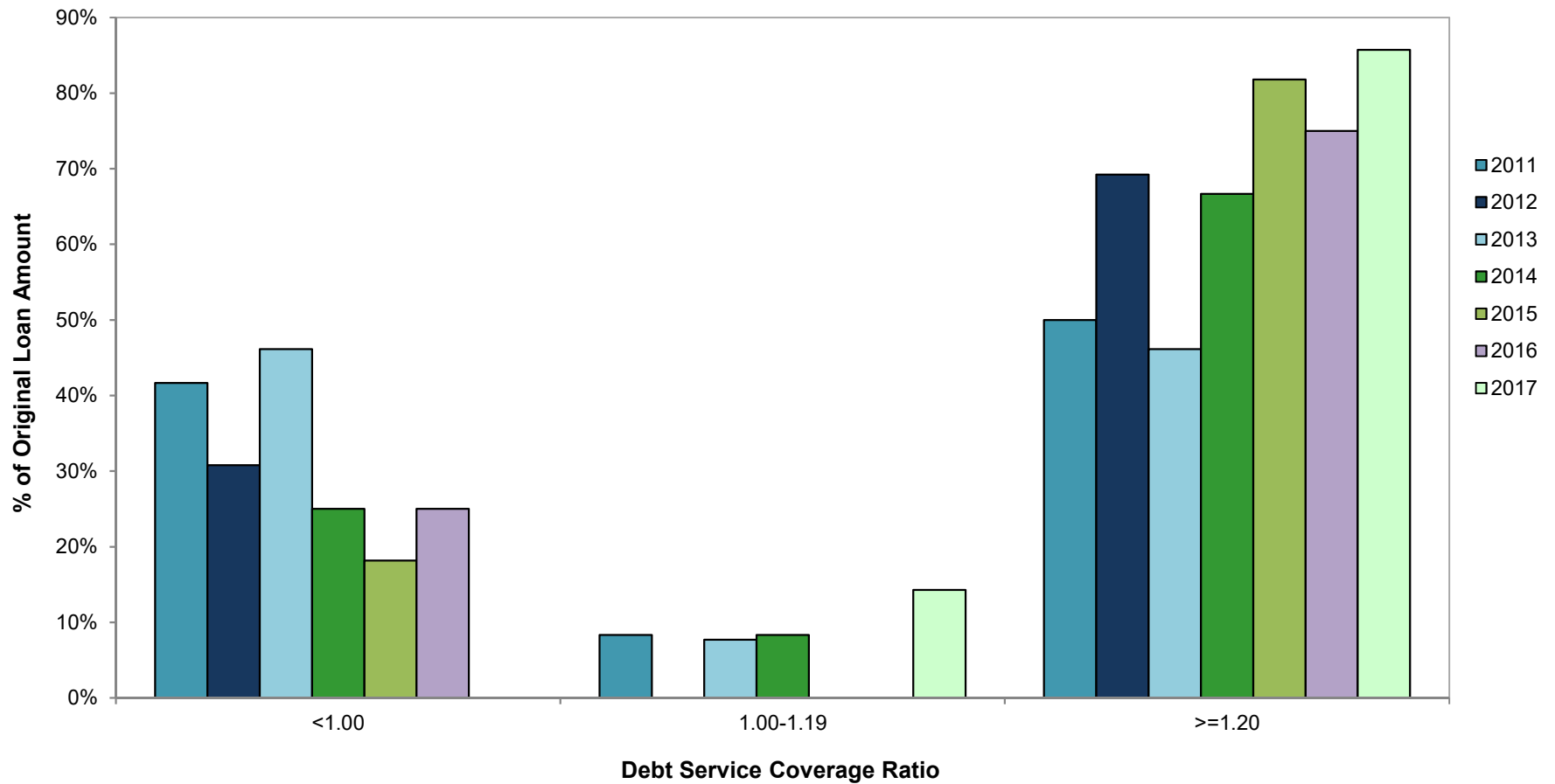
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

TOTAL



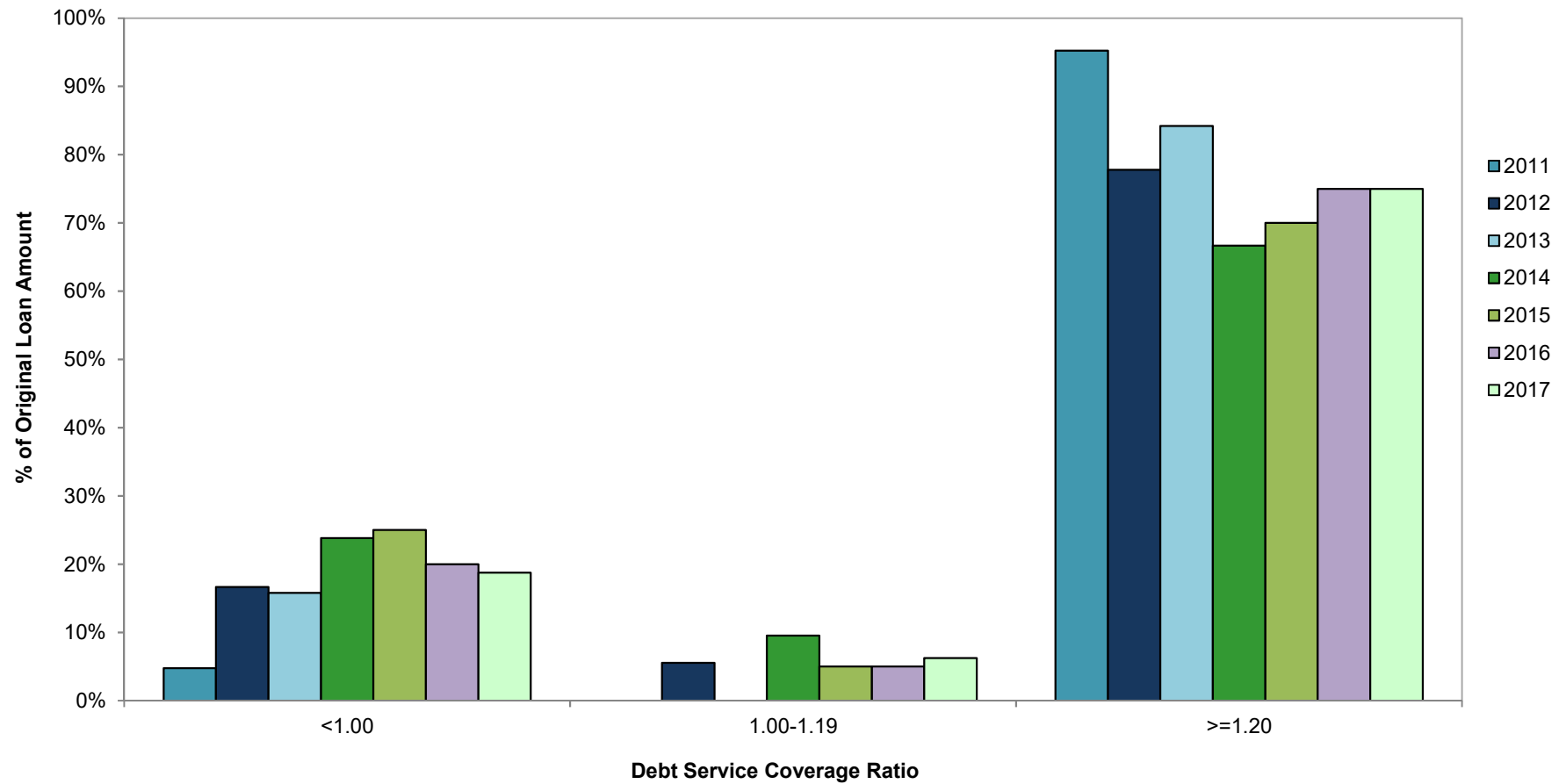
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

HOSPITALS



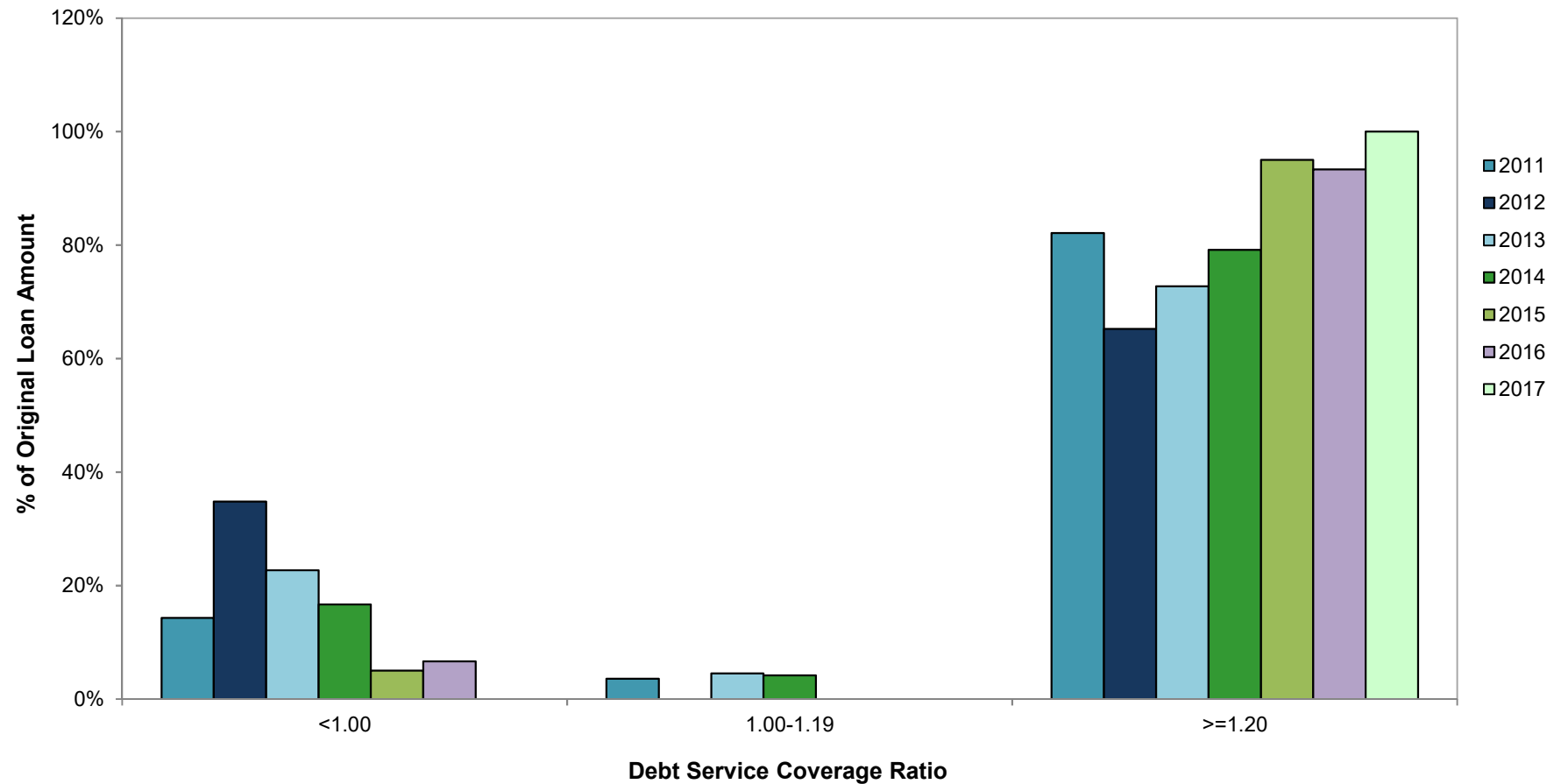
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

MULTI-LEVELS



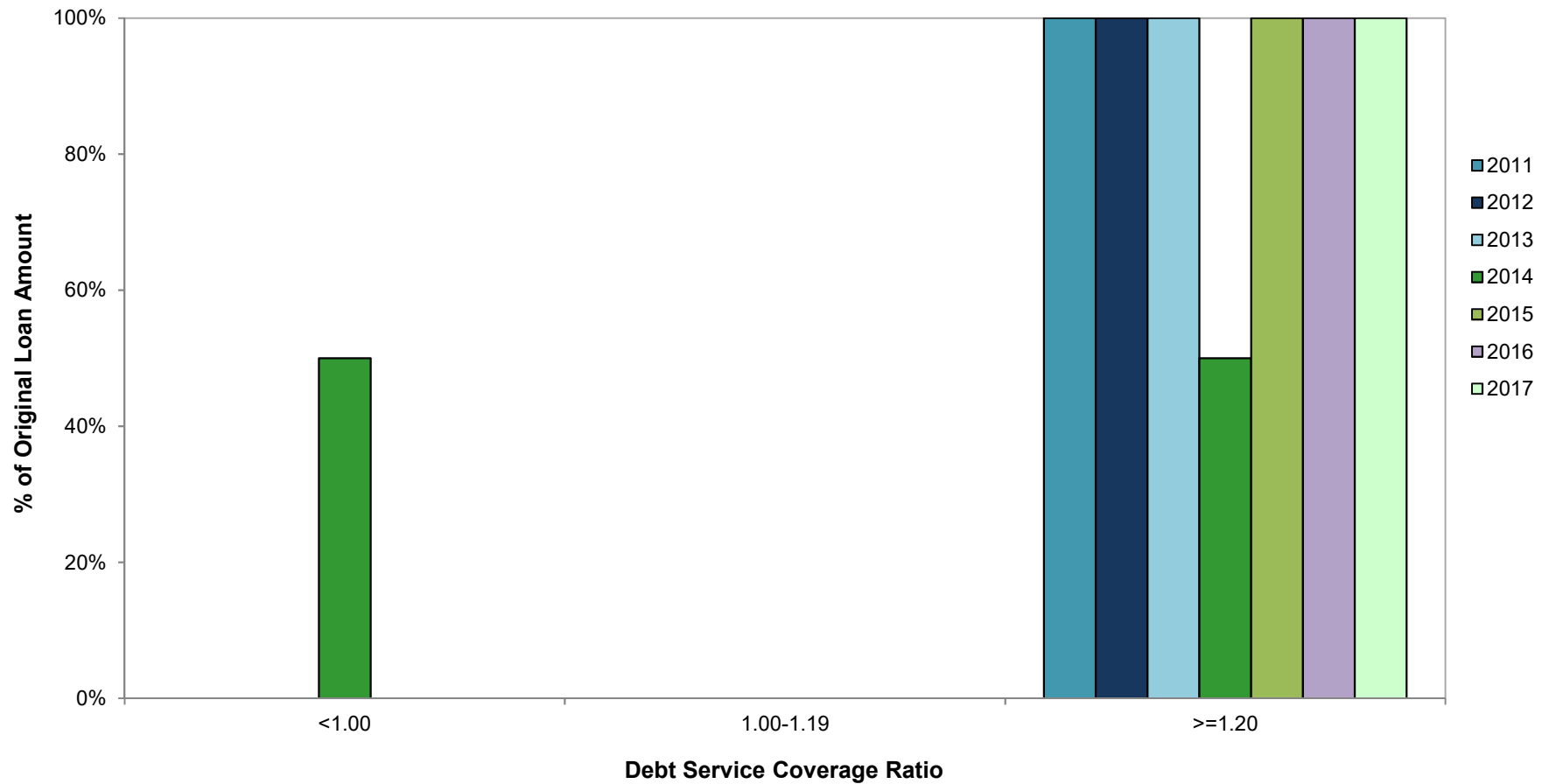
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

CLINICS



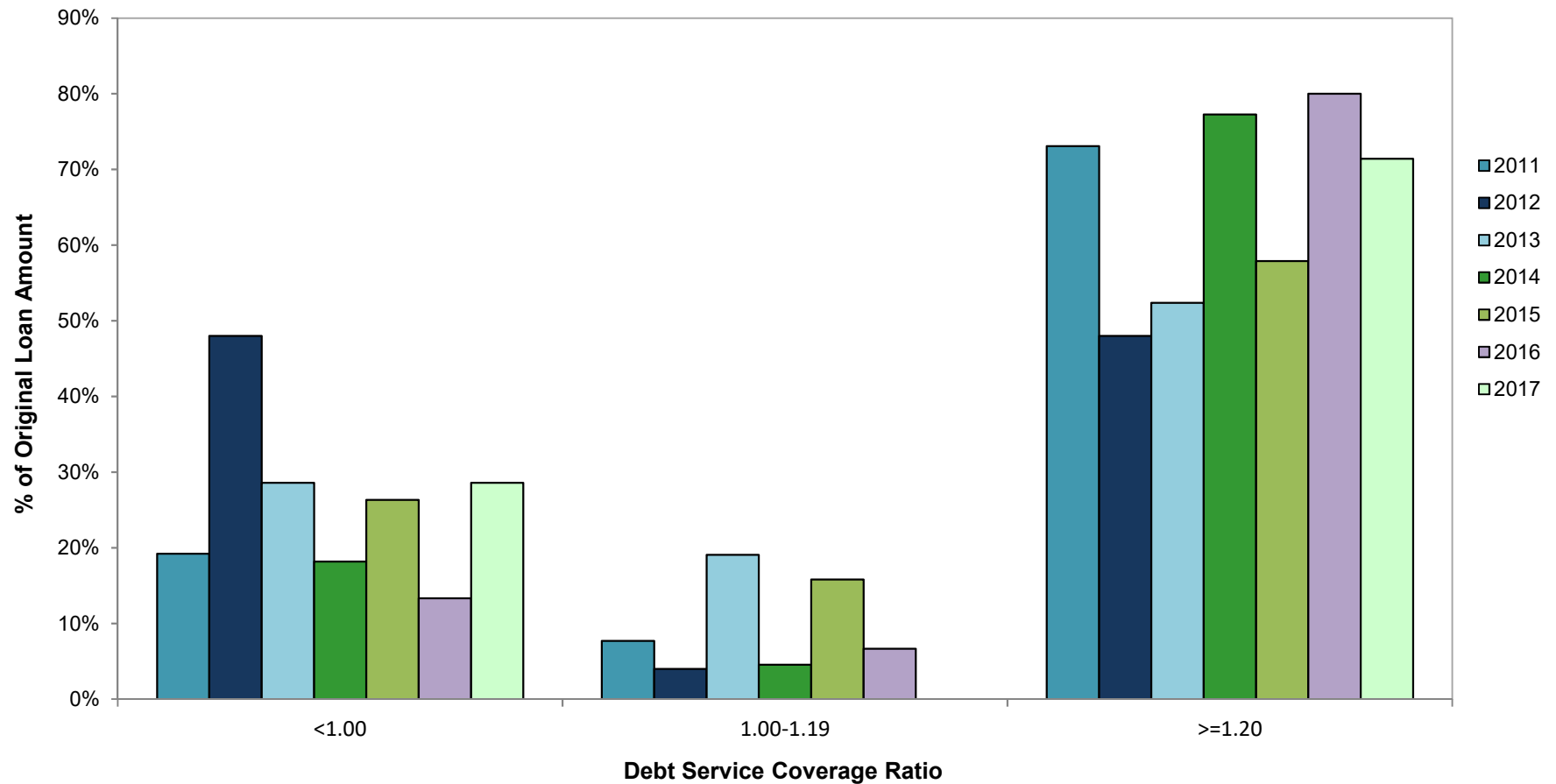
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

SKILLED NURSING FACILITIES (SNF)



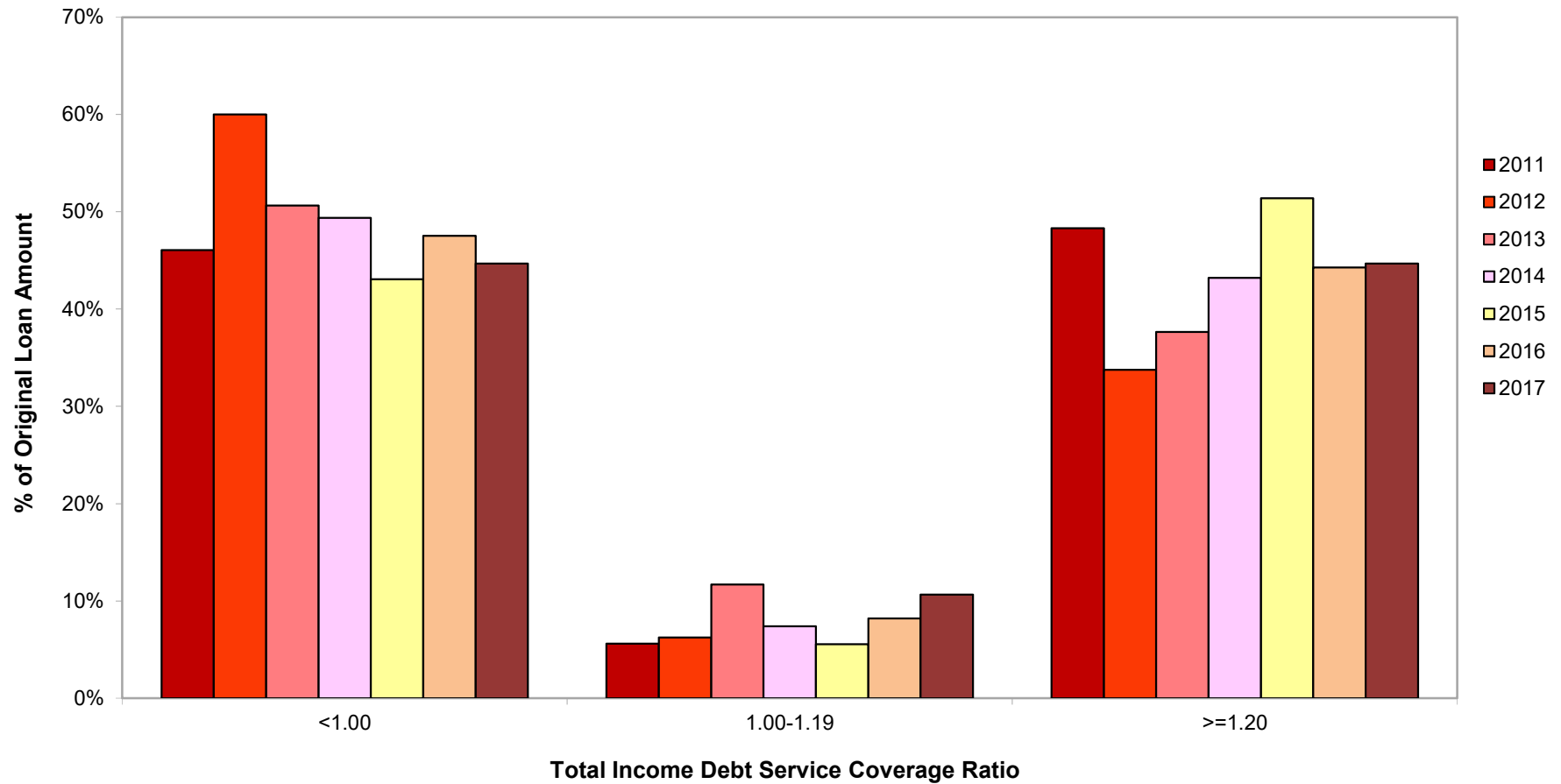
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

OTHER



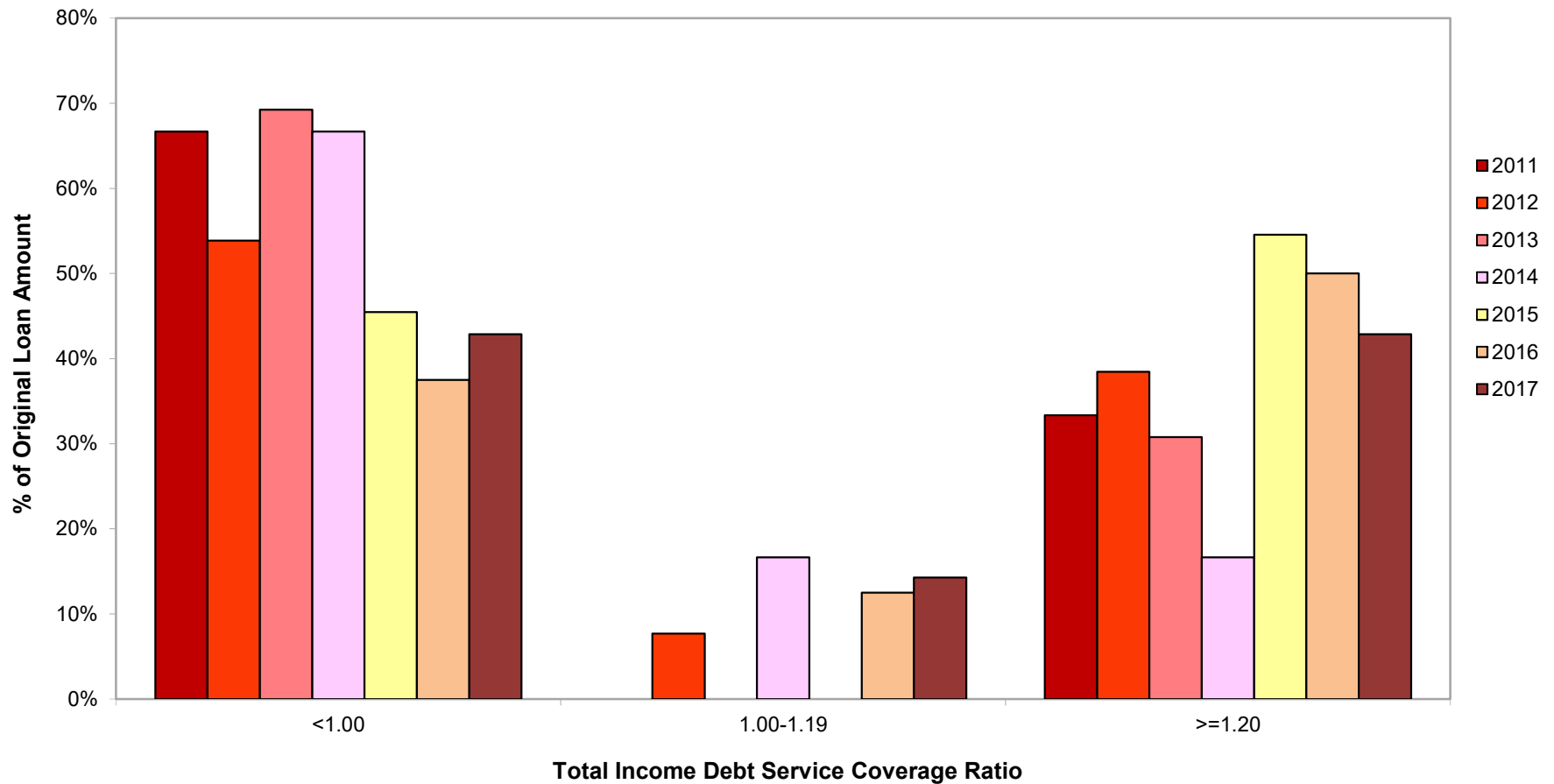
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

TOTAL



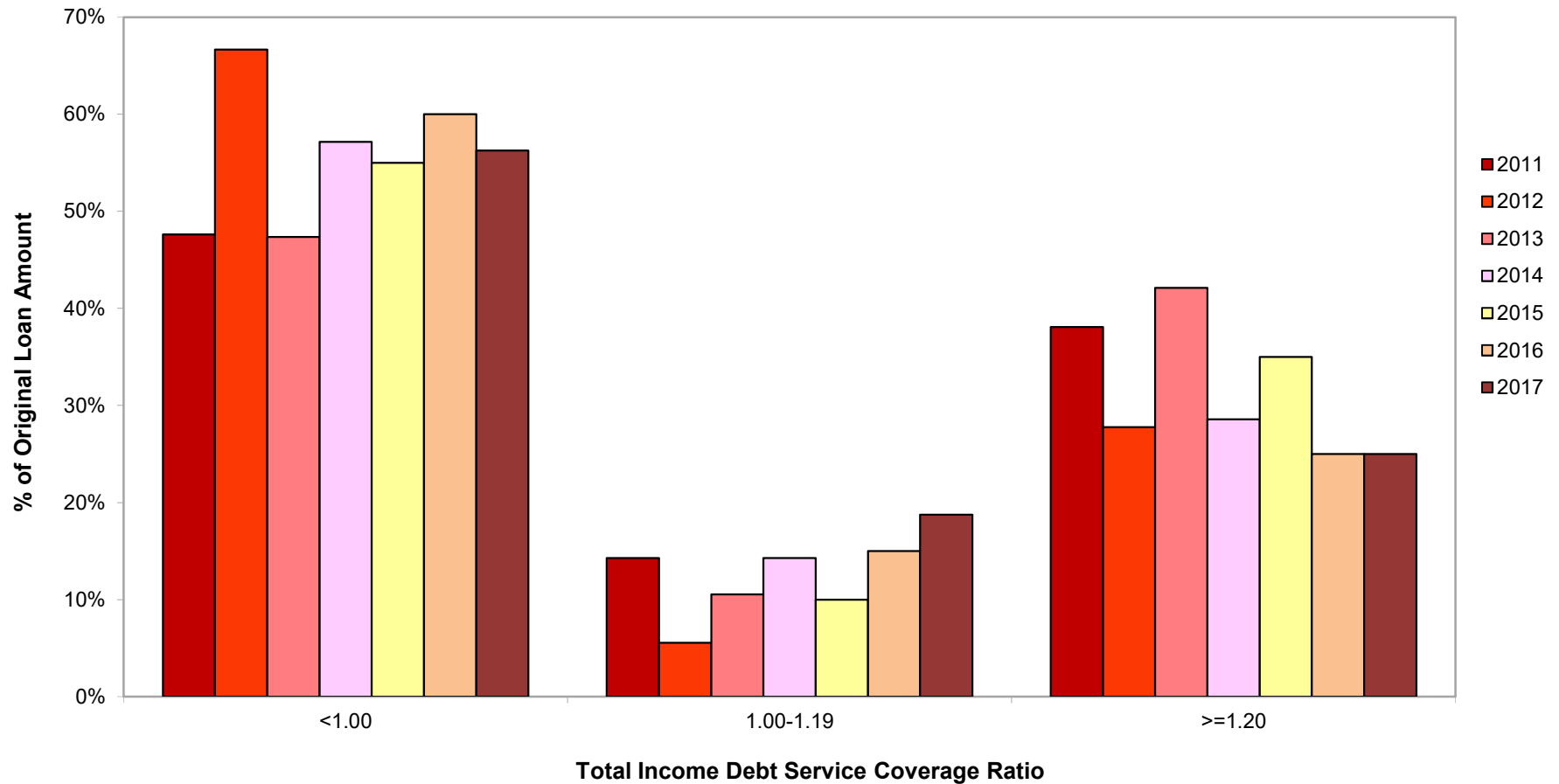
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

HOSPITALS



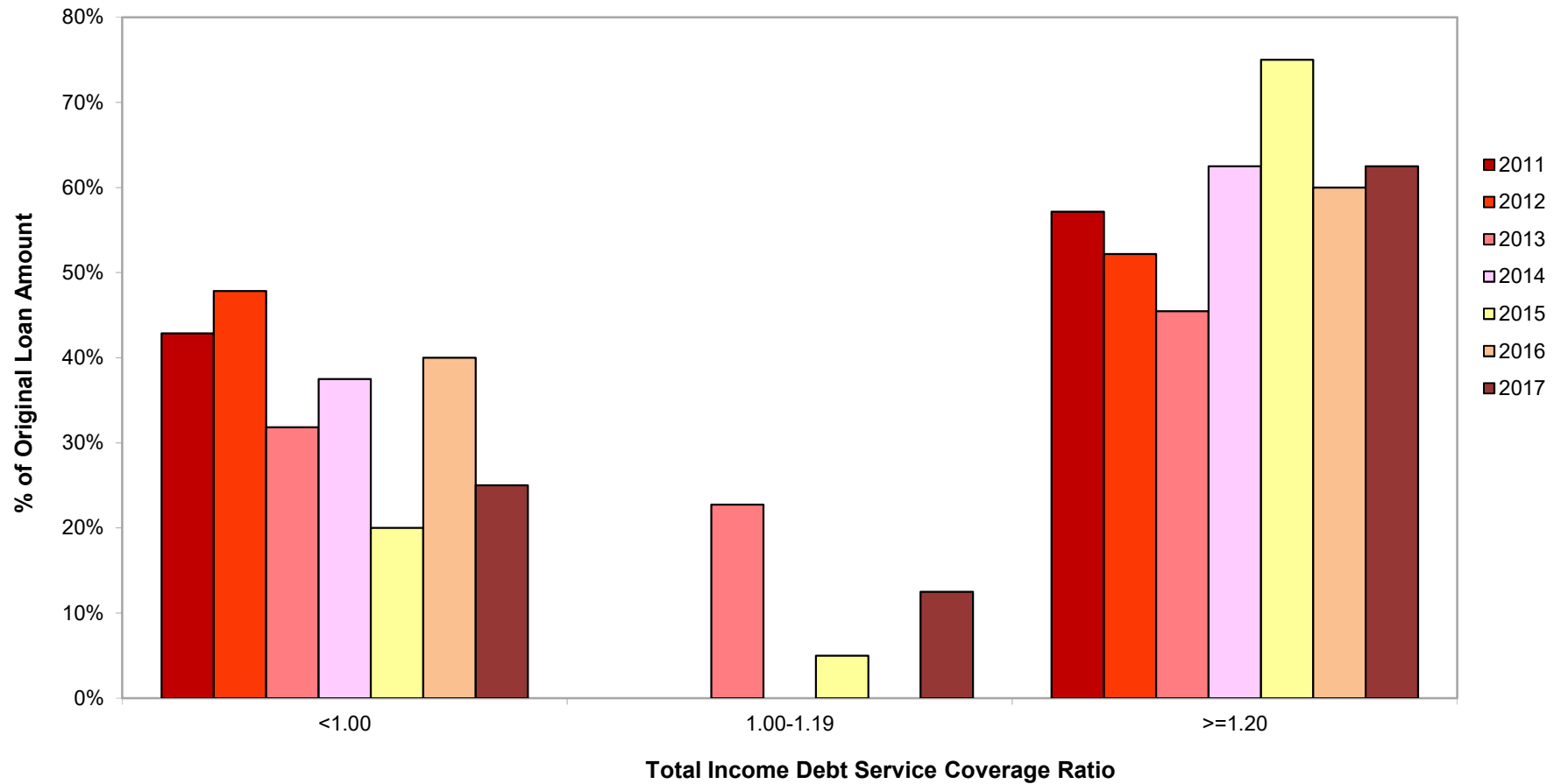
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

MULTI-LEVELS



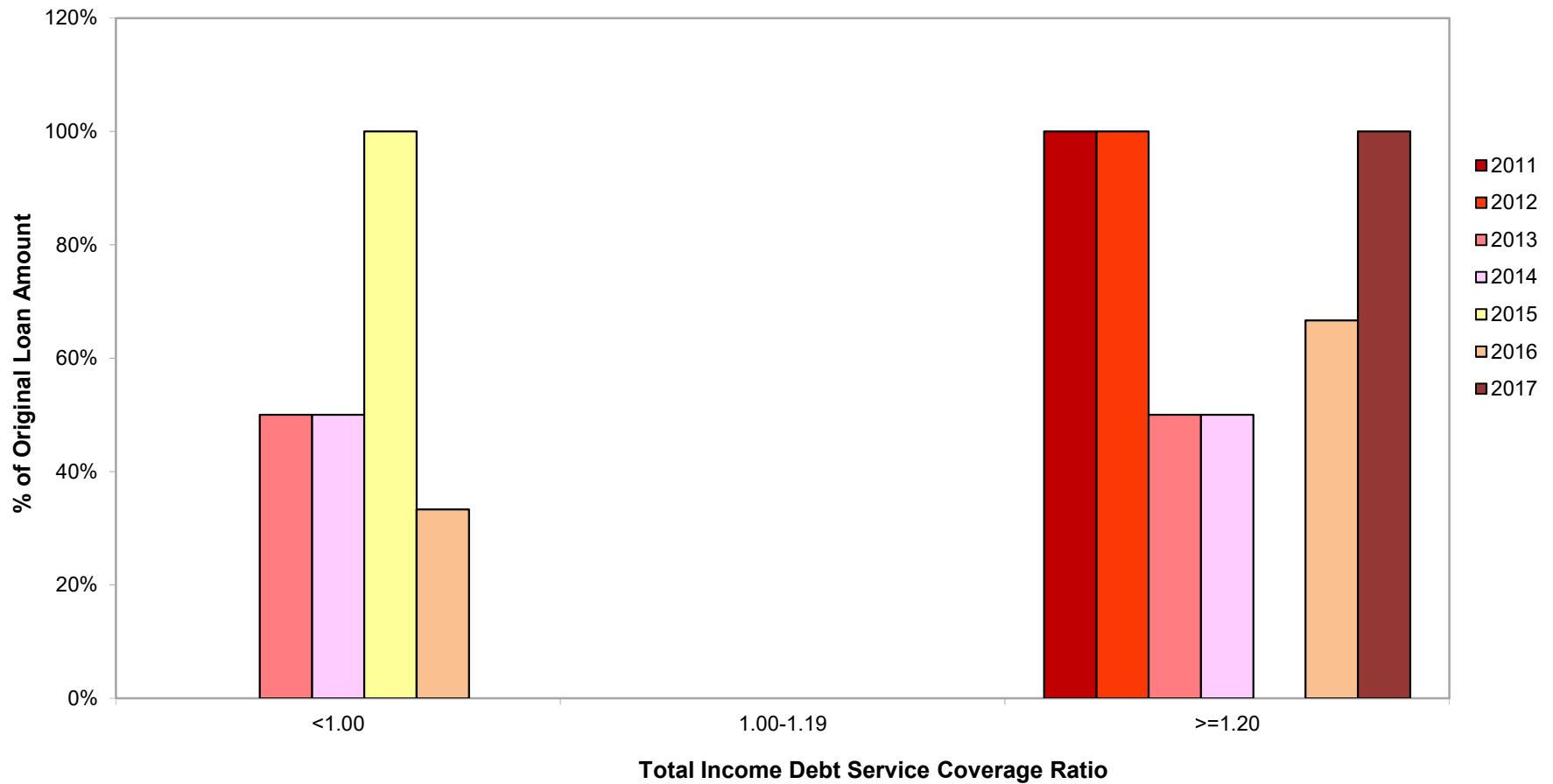
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

CLINICS



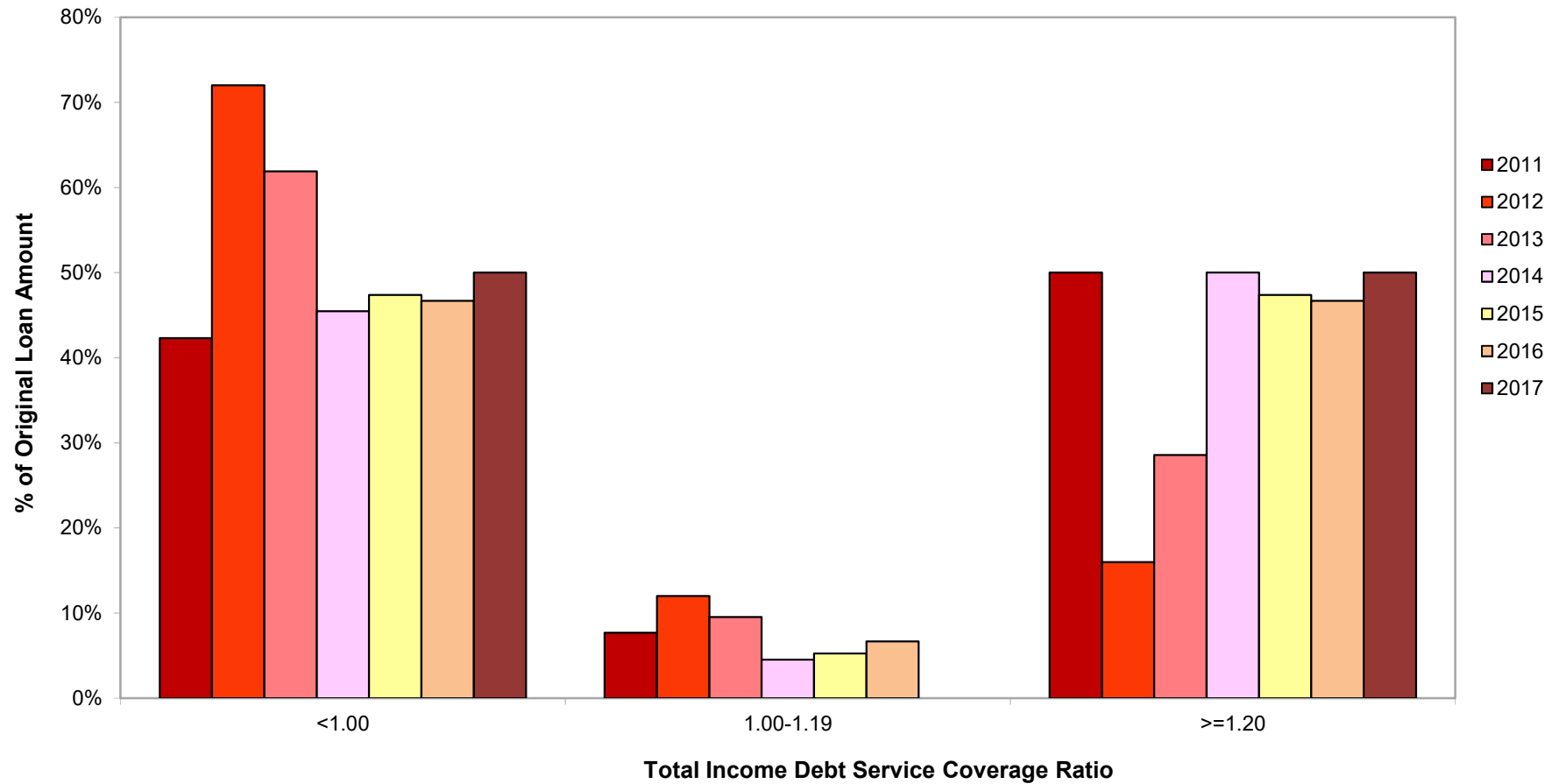
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

SKILLED NURSING FACILITIES (SNF)



**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

OTHER



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

Cash Flow Analysis at 6.40% Default Rate - New Loans Insured (Expected Scenario)
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	Income from Annual Premium Loans					Income from Up-Front Premium Loans											
Year	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income	Cash Inflow from Resolved Loans	Payment on Current Defaults	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
7/1/2017-6/30/2018				3,460,000	29,390	238,740,000		10,687,148	1,081,964								169,757,738
7/1/2018-6/30/2019	2,724,509	0	7.0%	2,533,794	14,984	225,000,000	4.62%	10,400,962	860,358	1,217,452	12,035,835	1,893,710	4,425,158	2.6%	4,259,573	(1,601,375)	168,156,363
7/1/2019-6/30/2020	1,949,709	0	7.0%	1,813,229	10,868	225,000,000	4.62%	10,400,962	860,358	1,230,244	12,571,050	4,136,756	4,575,613	2.0%	3,310,557	(5,470,431)	162,686,932
7/1/2020-6/30/2021	1,257,685	0	7.0%	1,169,647	7,457	225,000,000	4.62%	10,400,962	860,358	774,726	12,593,318	7,001,797	4,731,184	2.0%	3,055,401	(9,227,396)	153,458,536
7/1/2021-6/30/2022	580,965	0	7.0%	540,298	4,275	225,000,000	4.62%	10,400,962	860,358	801,411	8,806,093	8,365,572	4,892,044	2.0%	3,000,125	(6,996,579)	146,461,957
7/1/2022-6/30/2023	48,945	0	7.0%	45,519	1,465	225,000,000	4.62%	10,400,962	860,358	1,115,115	0	9,465,523	5,058,374	2.0%	2,893,323	747,324	147,209,281
7/1/2023-6/30/2024	0	0	7.0%	0	114	250,000,000	4.62%	11,556,624	955,953	1,095,052	0	9,823,413	5,230,359	2.2%	3,244,765	1,798,736	149,008,017
7/1/2024-6/30/2025	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,070,865	0	9,935,561	5,408,191	2.3%	3,374,266	1,613,956	150,621,972
7/1/2025-6/30/2026	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,061,490	0	9,956,423	5,592,069	2.2%	3,345,877	1,371,451	151,993,423
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,051,177	0	9,961,045	5,782,200	2.3%	3,427,862	1,248,371	153,241,794
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	999,404	0	9,951,900	5,978,795	2.3%	3,508,063	1,089,349	154,331,143
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	954,467	0	9,964,086	6,182,074	2.5%	3,798,444	2,370,586	156,701,728
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	927,688	0	10,025,584	6,392,264	2.5%	3,950,139	2,223,813	158,925,542
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	252,962	0	10,113,514	6,609,601	2.6%	4,093,297	1,386,979	160,312,520
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	252,962	0	10,227,675	6,834,327	2.7%	4,226,380	1,181,175	161,493,695
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	10,362,959	7,066,695	2.7%	4,373,671	2,212,073	163,705,768
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	10,528,401	7,306,962	2.8%	4,535,593	1,968,284	165,674,052
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	10,714,068	7,555,399	2.9%	4,694,680	1,693,270	167,367,322
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	10,926,315	7,812,283	2.9%	4,867,920	2,648,634	170,015,956
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	11,155,476	8,077,900	3.0%	5,055,740	2,341,676	172,357,632
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	11,409,997	8,352,549	3.1%	5,239,393	1,996,160	174,353,793
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	11,677,093	8,636,535	2.9%	4,981,045	1,186,729	175,540,522
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	11,953,814	8,930,178	2.9%	5,087,626	722,947	176,263,469
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	12,218,666	9,233,804	3.0%	5,182,778	249,621	176,513,090
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	12,461,850	9,547,753	3.0%	5,265,802	(224,489)	176,288,601
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	12,676,229	9,872,377	3.1%	5,336,197	(693,096)	175,595,504
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	12,854,483	10,208,037	3.1%	5,393,649	(1,149,559)	174,445,945
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	12,999,223	10,555,111	3.2%	5,433,864	(1,854,120)	172,591,825
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	13,112,532	10,913,984	3.2%	5,456,144	(2,304,022)	170,287,803
7/1/2046-6/30/2047	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	13,199,333	11,285,060	3.3%	5,463,771	(2,754,272)	167,533,531
7/1/2047-6/30/2048	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	13,264,998	11,668,752	3.3%	5,455,957	(3,211,443)	164,322,088

Notes:

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

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

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

Cash Flow Analysis at 6.40% Default Rate - No New Loans Insured (Run-Off Scenario)
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Income for Annual Premium Loans												
Year	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
7/1/2017-6/30/2018				3,460,000	29,390								169,757,738
7/1/2018-6/30/2019	2,724,509	0	7.0%	2,533,794	14,984	1,217,452	12,035,835	1,872,046	4,425,158	2.6%	4,116,083	(12,984,520)	156,773,218
7/1/2019-6/30/2020	1,949,709	0	7.0%	1,813,229	10,868	1,230,244	12,571,050	4,007,047	4,425,158	2.0%	2,969,452	(16,792,691)	139,980,527
7/1/2020-6/30/2021	1,257,685	0	7.0%	1,169,647	7,457	774,726	12,593,318	6,518,838	4,425,158	2.0%	2,510,043	(20,245,087)	119,735,439
7/1/2021-6/30/2022	580,965	0	7.0%	540,298	4,275	801,411	8,806,093	7,268,996	4,425,158	2.0%	2,220,651	(17,473,910)	102,261,529
7/1/2022-6/30/2023	48,945	0	7.0%	45,519	1,465	1,115,115	0	7,508,570	4,425,158	2.0%	1,927,429	(8,889,720)	93,371,809
7/1/2023-6/30/2024	0	0	7.0%	0	114	1,095,052	0	6,869,162	4,425,158	2.2%	1,955,287	(8,243,867)	85,127,942
7/1/2024-6/30/2025	0	0	7.0%	0	0	1,070,865	0	5,921,284	4,425,158	2.3%	1,833,519	(7,442,058)	77,685,883
7/1/2025-6/30/2026	0	0	7.0%	0	0	1,061,490	0	4,861,077	4,425,158	2.2%	1,645,125	(6,579,620)	71,106,263
7/1/2026-6/30/2027	0	0	7.0%	0	0	1,051,177	0	3,873,619	4,425,158	2.3%	1,532,902	(5,714,698)	65,391,565
7/1/2027-6/30/2028	0	0	7.0%	0	0	999,404	0	2,977,271	4,425,158	2.3%	1,435,000	(4,968,024)	60,423,541
7/1/2028-6/30/2029	0	0	7.0%	0	0	954,467	0	2,242,305	4,425,158	2.5%	1,423,442	(4,289,554)	56,133,987
7/1/2029-6/30/2030	0	0	7.0%	0	0	927,688	0	1,671,625	4,425,158	2.5%	1,357,352	(3,811,743)	52,322,244
7/1/2030-6/30/2031	0	0	7.0%	0	0	252,962	0	1,209,506	4,425,158	2.6%	1,289,287	(4,092,414)	48,229,830
7/1/2031-6/30/2032	0	0	7.0%	0	0	252,962	0	851,787	4,425,158	2.7%	1,216,834	(3,807,149)	44,422,682
7/1/2032-6/30/2033	0	0	7.0%	0	0	252,962	0	580,075	4,425,158	2.7%	1,146,403	(3,605,868)	40,816,813
7/1/2033-6/30/2034	0	0	7.0%	0	0	252,962	0	394,258	4,425,158	2.8%	1,076,040	(3,490,414)	37,326,400
7/1/2034-6/30/2035	0	0	7.0%	0	0	252,962	0	263,108	4,425,158	2.9%	1,003,965	(3,431,339)	33,895,061
7/1/2035-6/30/2036	0	0	7.0%	0	0	252,962	0	165,092	4,425,158	2.9%	928,929	(3,408,358)	30,486,703
7/1/2036-6/30/2037	0	0	7.0%	0	0	252,962	0	96,538	4,425,158	3.0%	849,893	(3,418,841)	27,067,862
7/1/2037-6/30/2038	0	0	7.0%	0	0	252,962	0	52,536	4,425,158	3.1%	765,812	(3,458,920)	23,608,942
7/1/2038-6/30/2039	0	0	7.0%	0	0	252,962	0	27,473	4,425,158	2.9%	621,245	(3,578,423)	20,030,519
7/1/2039-6/30/2040	0	0	7.0%	0	0	252,962	0	13,547	4,425,158	2.9%	526,425	(3,659,318)	16,371,201
7/1/2040-6/30/2041	0	0	7.0%	0	0	252,962	0	7,237	4,425,158	3.0%	425,887	(3,753,546)	12,617,655
7/1/2041-6/30/2042	0	0	7.0%	0	0	252,962	0	3,798	4,425,158	3.0%	319,087	(3,856,907)	8,760,748
7/1/2042-6/30/2043	0	0	7.0%	0	0	252,962	0	1,860	4,425,158	3.1%	205,526	(3,968,530)	4,792,218
7/1/2043-6/30/2044	0	0	7.0%	0	0	252,962	0	936	4,425,158	3.1%	84,686	(4,088,446)	703,772
7/1/2044-6/30/2045	0	0	7.0%	0	0	0	0	529	4,425,158	3.2%	(48,009)	(4,473,696)	(3,769,924)
7/1/2045-6/30/2046	0	0	7.0%	0	0	0	0	224	4,425,158	3.2%	(193,478)	(4,618,860)	(8,388,784)
7/1/2046-6/30/2047	0	0	7.0%	0	0	0	0	49	4,425,158	3.3%	(348,562)	(4,773,769)	(13,162,552)
7/1/2047-6/30/2048	0	0	7.0%	0	0	0	0	0	4,425,158	3.3%	(514,008)	(4,939,166)	(18,101,719)

Notes:

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

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis at 8.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Year	Income for Annual Premium Loans					Income from Up-Front Premium Loans											
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income	Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
7/1/2017-6/30/2018				3,460,000	29,390	238,740,000		10,687,148	1,081,964								169,757,738
7/1/2018-6/30/2019	2,724,509	0	7.0%	2,533,794	14,984	225,000,000	4.62%	10,400,962	860,358	1,217,452	12,035,835	2,367,138	4,425,158	2.6%	4,253,529	(2,080,847)	167,676,891
7/1/2019-6/30/2020	1,949,709	0	7.0%	1,813,229	10,868	225,000,000	4.62%	10,400,962	860,358	1,230,244	12,571,050	5,170,944	4,575,613	2.0%	3,290,411	(6,524,765)	161,152,126
7/1/2020-6/30/2021	1,257,685	0	7.0%	1,169,647	7,457	225,000,000	4.62%	10,400,962	860,358	774,726	12,593,318	8,752,246	4,731,184	2.0%	3,008,382	(11,024,864)	150,127,262
7/1/2021-6/30/2022	580,965	0	7.0%	540,298	4,275	225,000,000	4.62%	10,400,962	860,358	801,411	8,806,093	10,456,966	4,892,044	2.0%	2,911,674	(9,176,424)	140,950,838
7/1/2022-6/30/2023	48,945	0	7.0%	45,519	1,465	225,000,000	4.62%	10,400,962	860,358	1,115,115	0	11,831,904	5,058,374	2.0%	2,760,102	(1,752,277)	139,198,561
7/1/2023-6/30/2024	0	0	7.0%	0	114	250,000,000	4.62%	11,556,624	955,953	1,095,052	0	12,279,266	5,230,359	2.2%	3,040,123	(861,759)	138,336,801
7/1/2024-6/30/2025	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,070,865	0	12,419,452	5,408,191	2.3%	3,102,891	(1,141,310)	137,195,492
7/1/2025-6/30/2026	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,061,490	0	12,445,529	5,592,069	2.2%	3,017,828	(1,445,704)	135,749,788
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,051,177	0	12,451,307	5,782,200	2.3%	3,030,595	(1,639,158)	134,110,630
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	999,404	0	12,439,874	5,978,795	2.3%	3,037,917	(1,868,771)	132,241,860
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	954,467	0	12,455,108	6,182,074	2.5%	3,221,452	(697,428)	131,544,432
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	927,688	0	12,531,980	6,392,264	2.5%	3,280,695	(952,026)	130,592,406
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	252,962	0	12,641,893	6,609,601	2.6%	3,324,440	(1,910,257)	128,682,149
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	252,962	0	12,784,593	6,834,327	2.7%	3,350,473	(2,251,651)	126,430,498
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	12,953,699	7,066,695	2.7%	3,362,352	(1,369,987)	125,060,511
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	13,160,501	7,306,962	2.8%	3,419,684	(1,779,725)	123,280,786
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	13,392,582	7,555,399	2.9%	3,444,110	(2,235,816)	121,044,970
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	13,657,894	7,812,283	2.9%	3,471,641	(1,479,223)	119,565,747
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	13,944,345	8,077,900	3.0%	3,501,639	(2,001,294)	117,564,453
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	14,262,496	8,352,549	3.1%	3,514,182	(2,581,550)	114,982,903
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	14,586,366	8,636,535	2.9%	3,224,084	(3,489,505)	111,493,398
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	14,942,267	8,930,178	2.9%	3,164,153	(4,188,980)	107,304,418
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	15,273,333	9,233,804	3.0%	3,080,811	(4,907,013)	102,397,405
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	15,577,312	9,547,753	3.0%	2,972,621	(5,633,132)	96,764,274
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	15,845,287	9,872,377	3.1%	2,838,344	(6,360,007)	90,404,267
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	16,068,103	10,208,037	3.1%	2,676,915	(7,079,914)	83,324,354
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	16,249,029	10,555,111	3.2%	2,483,243	(8,054,547)	75,269,807
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	16,351,548	10,913,984	3.2%	2,256,371	(8,742,811)	66,526,996
7/1/2046-6/30/2047	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	16,264,970	11,285,060	3.3%	2,001,835	(9,281,845)	57,245,151
7/1/2047-6/30/2048	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	15,709,238	11,668,752	3.3%	1,728,033	(9,383,607)	47,861,544

Notes:

- (1) Based on active loan information from Cal-Mortgage
(2) From Section III, Appendix, Page 9 (based on a 6.4% default rate)
(3) Selected
(4) = [(1) - (2)] x [1 - (3)]
(5) Average of [Current and Prior Column(4)] x 0.5%
(6) Provided by Cal-Mortgage
(7) From Section III, Exhibit 6
(8) = (6) x (7)

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis at 10.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	Income for Annual Premium Loans					Income from Up-Front Premium Loans											
Year	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income	Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
7/1/2017-6/30/2018				3,460,000	29,390	238,740,000		10,687,148	1,081,964								169,757,738
7/1/2018-6/30/2019	2,724,509	0	7.0%	2,533,794	14,984	225,000,000	4.62%	10,400,962	860,358	1,217,452	12,035,835	2,958,923	4,425,158	2.6%	4,245,974	(2,680,186)	167,077,552
7/1/2019-6/30/2020	1,949,709	0	7.0%	1,813,229	10,868	225,000,000	4.62%	10,400,962	860,358	1,230,244	12,571,050	6,463,681	4,575,613	2.0%	3,265,229	(7,842,684)	159,234,868
7/1/2020-6/30/2021	1,257,685	0	7.0%	1,169,647	7,457	225,000,000	4.62%	10,400,962	860,358	774,726	12,593,318	10,940,308	4,731,184	2.0%	2,949,608	(13,271,699)	145,963,169
7/1/2021-6/30/2022	580,965	0	7.0%	540,298	4,275	225,000,000	4.62%	10,400,962	860,358	801,411	8,806,093	13,071,207	4,892,044	2.0%	2,801,110	(11,901,229)	134,061,940
7/1/2022-6/30/2023	48,945	0	7.0%	45,519	1,465	225,000,000	4.62%	10,400,962	860,358	1,115,115	0	14,789,880	5,058,374	2.0%	2,593,576	(4,876,779)	129,185,161
7/1/2023-6/30/2024	0	0	7.0%	0	114	250,000,000	4.62%	11,556,624	955,953	0	15,349,083	5,230,359	2,784,320	2.2%	2,784,320	(4,187,378)	124,997,783
7/1/2024-6/30/2025	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,070,865	0	15,524,314	5,408,191	2.3%	2,763,673	(4,585,391)	120,412,392
7/1/2025-6/30/2026	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,061,490	0	15,556,912	5,592,069	2.2%	2,607,768	(4,967,147)	115,445,245
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,051,177	0	15,564,133	5,782,200	2.3%	2,534,011	(5,248,568)	110,196,676
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.62%	11,556,624	955,953	1,156,426	0	15,592,843	5,978,795	2.3%	2,450,236	(5,566,421)	104,630,256
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	954,467	0	15,568,884	6,182,074	2.5%	2,500,212	(4,532,445)	100,097,811
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	927,688	0	15,664,975	6,392,264	2.5%	2,443,891	(4,921,826)	95,175,985
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	252,962	0	15,802,366	6,609,601	2.6%	2,363,369	(6,031,802)	89,144,184
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.62%	12,712,286	1,051,548	252,962	0	15,980,742	6,834,327	2.7%	2,255,589	(6,542,683)	82,601,501
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	16,192,123	7,066,695	2.7%	2,143,203	(5,847,561)	76,753,940
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	16,450,627	7,306,962	2.8%	2,024,799	(6,464,736)	70,289,204
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.62%	13,867,949	1,147,143	252,962	0	16,740,728	7,555,399	2.9%	1,880,898	(7,147,174)	63,142,030
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	17,072,367	7,812,283	2.9%	1,726,293	(6,639,045)	56,502,985
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	17,430,431	8,077,900	3.0%	1,559,012	(7,430,006)	49,072,979
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	17,828,120	8,352,549	3.1%	1,357,668	(8,303,688)	40,769,291
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	18,245,458	8,636,535	2.9%	1,027,883	(9,334,798)	31,434,493
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	18,677,834	8,930,178	2.9%	759,811	(10,328,889)	21,105,604
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	19,091,666	9,233,804	3.0%	453,353	(11,352,804)	9,752,800
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	19,471,640	9,547,753	3.0%	106,146	(12,393,935)	(2,641,135)
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	19,806,608	9,872,377	3.1%	(283,972)	(13,443,644)	(16,084,779)
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	252,962	0	20,085,129	10,208,037	3.1%	(719,002)	(14,492,857)	(30,577,636)
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	20,311,286	10,555,111	3.2%	(1,205,033)	(15,805,080)	(46,382,716)
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	20,488,331	10,913,984	3.2%	(1,744,768)	(16,880,733)	(63,263,449)
7/1/2046-6/30/2047	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	20,623,958	11,285,060	3.3%	(2,337,188)	(17,979,855)	(81,243,304)
7/1/2047-6/30/2048	0	0	7.0%	0	0	325,000,000	4.62%	15,023,611	1,242,739	0	0	20,726,559	11,668,752	3.3%	(2,985,661)	(19,114,622)	(100,357,926)

Notes:

- (1) Based on active loan information from Cal-Mortgage
(2) From Section III, Appendix, Page 9 (based on a 6.4% default rate)
(3) Selected
(4) = [(1) - (2)] x [1 - (3)]
(5) Average of [Current and Prior Column(4)] x 0.5%
(6) Provided by Cal-Mortgage
(7) From Section III, Exhibit 6
(8) = (6) x (7)

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

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

**Estimate of Cal-Mortgage's Default Rate
Based on Data as of June 30, 2018**

	Based on Industry Loss Experience	Cal-Mortgage	
		Including Triad	Excluding Triad
(1) Selected Hospitals Default Rate	1.15%		
(2) Cal-Mortgage's Hospitals In-Force Current Principal Balance	510,799,680		
(3) Selected Nursing Homes Default Rate	12.10%		
(4) Cal-Mortgage's Nursing Homes In-Force Current Principal Balance	1,168,791,705		
(5) Combined Cal-Mortgage's Hospitals and Nursing Homes Default Rate	8.77%	4.39%	2.01%
(6) 2016 Selected Default Rate	6.10%		
(7) New Selected Default Rate	6.40%		
(8) Original Loan Amount Default as of 6/30/2018 - Expected vs. Actual	306,493,674	336,500,000	154,270,000

Notes:

- (1) From Section III, Exhibit 2, Page 2, Row (6)
- (2) Provided by Cal-Mortgage
- (3) From Section III, Exhibit 2, Page 5, Row (6)
- (4) Provided by Cal-Mortgage
- (5) $= [(1) \times (2) + (3) \times (4)] / [(2) + (4)]$
- (6) From Cal-Mortgage Analysis at 6/30/2016
- (7) Selected
- (8) Based on (7) and Cal-Mortgage Data

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Selection of Ultimate Default Rate
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)
Issue Year	Exposure Base	Actual Original Loan Balance Default Rate*	Development Method Ultimate*	Bornhuetter- Ferguson Method Ultimate	Selected Ultimate Default Rate
1981	4,606,300	1.94%	1.94%	1.94%	1.94%
1982	8,153,200	1.13%	1.13%	1.13%	1.13%
1983	8,817,100	0.28%	0.28%	0.28%	0.28%
1984	7,589,500	0.23%	0.23%	0.23%	0.23%
1985	23,821,200	0.91%	0.91%	0.91%	0.91%
1986	7,184,300	3.88%	3.88%	3.88%	3.88%
1987	11,121,100	1.92%	1.92%	1.92%	1.92%
1988	10,757,500	0.45%	0.45%	0.45%	0.45%
1989	13,397,300	0.61%	0.61%	0.61%	0.61%
1990	12,003,000	0.82%	0.82%	0.82%	0.82%
1991	15,968,000	2.77%	2.77%	2.77%	2.77%
1992	20,414,100	2.70%	2.70%	2.70%	2.70%
1993	29,001,500	1.93%	1.93%	1.93%	1.93%
1994	13,536,700	1.14%	1.14%	1.14%	1.14%
1995	11,442,100	0.29%	0.29%	0.29%	0.29%
1996	16,356,200	3.30%	3.30%	3.30%	3.30%
1997	22,036,300	1.07%	1.07%	1.07%	1.07%
1998	33,623,500	0.83%	0.83%	0.83%	0.83%
1999	21,678,800	0.45%	0.45%	0.45%	0.45%
2000	14,147,100	0.05%	0.05%	0.05%	0.05%
2001	20,232,300	0.05%	0.05%	0.05%	0.05%
2002	21,982,400	0.44%	0.45%	0.45%	0.45%
2003	25,228,700	2.36%	2.40%	2.38%	2.39%
2004	25,692,900	0.13%	0.13%	0.15%	0.14%
2005	34,117,000	0.42%	0.44%	0.46%	0.45%
2006	32,708,000	0.15%	0.16%	0.21%	0.19%
2007	40,993,900	2.62%	2.85%	2.71%	2.78%
2008	58,165,000	0.29%	0.33%	0.43%	0.38%
2009	43,923,200	0.02%	0.02%	0.20%	0.11%
2010	28,106,300	0.21%	0.28%	0.47%	0.37%
2011	22,644,500	0.23%	0.34%	0.59%	0.46%
2012	27,202,400	0.45%	0.79%	0.92%	0.86%
2013	18,424,500	0.08%	0.19%	0.70%	0.70%
2014	16,235,800			0.75%	0.75%
2015	23,157,400			0.89%	0.89%
2016	37,247,500			1.03%	1.03%
2017	34,727,700			1.09%	1.10%

Notes:

(1) From Alacra, Inc.

(2) Section III, Exhibit 2, Page 3, Column (2) / (1)

(3) From Section III, Exhibit 2, Page 3, Column (5)

(4) From Section III, Exhibit 2, Page 4, Column (9)

(5) Selected

(6) Selected

* Note blanks indicate a current default original loan balance of zero (no default rate)

Weighted Average All Years	0.99%
Weighted Average 1981-2008	1.13%
Weighted Average 1992-2014	0.92%
Arithmetic Average All Years	1.08%
Arithmetic Average 1981-2008	1.20%
Arithmetic Average 1992-2014	0.95%
Prior Selection	1.20%

(6) **Selected Default Rate** **1.15%**

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Loss Development Method
Based on Data as of June 30, 2018

		(1)	(2)	(3)	(4)	(5)
Issue Year	Age	Exposure Base	Default Original Loan Balance To Date	Cumulative Reported Development Factor	Estimated Ultimate	Indicated Default Rate*
1981	444	4,606,300	89,265	1.000	89,265	1.94%
1982	432	8,153,200	92,275	1.000	92,275	1.13%
1983	420	8,817,100	24,345	1.000	24,345	0.28%
1984	408	7,589,500	17,445	1.000	17,445	0.23%
1985	396	23,821,200	217,640	1.000	217,640	0.91%
1986	384	7,184,300	278,965	1.000	278,965	3.88%
1987	372	11,121,100	213,773	1.000	213,773	1.92%
1988	360	10,757,500	48,167	1.000	48,167	0.45%
1989	348	13,397,300	81,805	1.000	81,805	0.61%
1990	336	12,003,000	98,575	1.000	98,575	0.82%
1991	324	15,968,000	442,310	1.000	442,310	2.77%
1992	312	20,414,100	550,989	1.000	550,989	2.70%
1993	300	29,001,500	559,940	1.000	559,940	1.93%
1994	288	13,536,700	154,750	1.000	154,750	1.14%
1995	276	11,442,100	33,370	1.000	33,370	0.29%
1996	264	16,356,200	539,105	1.000	539,105	3.30%
1997	252	22,036,300	236,875	1.000	236,875	1.07%
1998	240	33,623,500	280,025	1.000	280,025	0.83%
1999	228	21,678,800	98,585	1.000	98,585	0.45%
2000	216	14,147,100	6,975	1.000	6,975	0.05%
2001	204	20,232,300	9,110	1.005	9,156	0.05%
2002	192	21,982,400	97,560	1.010	98,538	0.45%
2003	180	25,228,700	595,995	1.015	604,980	2.40%
2004	168	25,692,900	32,680	1.020	33,339	0.13%
2005	156	34,117,000	143,075	1.039	148,585	0.44%
2006	144	32,708,000	49,575	1.059	52,514	0.16%
2007	132	40,993,900	1,072,319	1.091	1,169,966	2.85%
2008	120	58,165,000	166,350	1.146	190,573	0.33%
2009	108	43,923,200	7,875	1.203	9,473	0.02%
2010	96	28,106,300	60,220	1.299	78,233	0.28%
2011	84	22,644,500	51,135	1.494	76,396	0.34%
2012	72	27,202,400	122,049	1.763	215,162	0.79%
2013	60	18,424,500	15,290	2.292	35,041	0.19%
2014	48	16,235,800	0	3.163	0	
2015	36	23,157,400	0	5.218	0	
2016	24	37,247,500	0	16.438	0	
2017	12	34,727,700	0	79.313	0	

Notes:

(1) From Alacra, Inc.

(2) From Income Securities Advisors

(3) Based on the selected development factors

(4) = (2) x (3)

(5) = (4) / (1)

(6) Selected

* Note blanks indicate a current default original loan balance of zero (no default rate)

Weighted Average 1981-2014 0.94%
Weighted Average 1981-2008 1.13%
Weighted Average 1992-2014 0.87%
Arithmetic Average 1990-2014 1.06%
Arithmetic Average 1990-2008 1.20%
Arithmetic Average 1992-2014 0.99%
Prior Selected 1.20%

(6) Selected A Priori Default Rate 1.10%

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Bornhuetter-Ferguson Method
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Issue Year	Exposure Base	A Priori Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
1981	4,606,300	1.10%	50,669	0.0%	0	50,669	89,265	89,265	1.94%
1982	8,153,200	1.10%	89,685	0.0%	0	89,685	92,275	92,275	1.13%
1983	8,817,100	1.10%	96,988	0.0%	0	96,988	24,345	24,345	0.28%
1984	7,589,500	1.10%	83,485	0.0%	0	83,485	17,445	17,445	0.23%
1985	23,821,200	1.10%	262,033	0.0%	0	262,033	217,640	217,640	0.91%
1986	7,184,300	1.10%	79,027	0.0%	0	79,027	278,965	278,965	3.88%
1987	11,121,100	1.10%	122,332	0.0%	0	122,332	213,773	213,773	1.92%
1988	10,757,500	1.10%	118,333	0.0%	0	118,333	48,167	48,167	0.45%
1989	13,397,300	1.10%	147,370	0.0%	0	147,370	81,805	81,805	0.61%
1990	12,003,000	1.10%	132,033	0.0%	0	132,033	98,575	98,575	0.82%
1991	15,968,000	1.10%	175,648	0.0%	0	175,648	442,310	442,310	2.77%
1992	20,414,100	1.10%	224,555	0.0%	0	224,555	550,989	550,989	2.70%
1993	29,001,500	1.10%	319,017	0.0%	0	319,017	559,940	559,940	1.93%
1994	13,536,700	1.10%	148,904	0.0%	0	148,904	154,750	154,750	1.14%
1995	11,442,100	1.10%	125,863	0.0%	0	125,863	33,370	33,370	0.29%
1996	16,356,200	1.10%	179,918	0.0%	0	179,918	539,105	539,105	3.30%
1997	22,036,300	1.10%	242,399	0.0%	0	242,399	236,875	236,875	1.07%
1998	33,623,500	1.10%	369,859	0.0%	0	369,859	280,025	280,025	0.83%
1999	21,678,800	1.10%	238,467	0.0%	0	238,467	98,585	98,585	0.45%
2000	14,147,100	1.10%	155,618	0.0%	0	155,618	6,975	6,975	0.05%
2001	20,232,300	1.10%	222,555	0.5%	1,107	221,448	9,110	10,217	0.05%
2002	21,982,400	1.10%	241,806	1.0%	2,400	239,406	97,560	99,960	0.45%
2003	25,228,700	1.10%	277,516	1.5%	4,121	273,394	595,995	600,116	2.38%
2004	25,692,900	1.10%	282,622	2.0%	5,582	277,039	32,680	38,262	0.15%
2005	34,117,000	1.10%	375,287	3.7%	13,917	361,370	143,075	156,992	0.46%
2006	32,708,000	1.10%	359,788	5.6%	20,136	339,652	49,575	69,711	0.21%
2007	40,993,900	1.10%	450,933	8.3%	37,636	413,297	1,072,319	1,109,955	2.71%
2008	58,165,000	1.10%	639,815	12.7%	81,325	558,490	166,350	247,675	0.43%
2009	43,923,200	1.10%	483,155	16.9%	81,495	401,660	7,875	89,370	0.20%
2010	28,106,300	1.10%	309,169	23.0%	71,187	237,982	60,220	131,407	0.47%
2011	22,644,500	1.10%	249,090	33.1%	82,363	166,727	51,135	133,498	0.59%
2012	27,202,400	1.10%	299,226	43.3%	129,493	169,734	122,049	251,542	0.92%
2013	18,424,500	1.10%	202,670	56.4%	114,237	88,433	15,290	129,527	0.70%
2014	16,235,800	1.10%	178,594	68.4%	122,125	56,469	0	122,125	0.75%
2015	23,157,400	1.10%	254,731	80.8%	205,917	48,814	0	205,917	0.89%
2016	37,247,500	1.10%	409,723	93.9%	384,797	24,925	0	384,797	1.03%
2017	34,727,700	1.10%	382,005	98.7%	377,188	4,816	0	377,188	1.09%
TOTALS	816,444,300		8,980,887		1,735,026	7,245,861	6,488,412	8,223,438	1.01%

Notes:

- (1) From Alacra, Inc.
- (2) Section III, Exhibit 2, Page 3, Row (6)
- (3) = (1) x (2)
- (4) Based on the selected development factors
- (5) = (3) x (4)
- (6) = (3) - (5)
- (7) From Income Security Advisors
- (8) = (5) + (7)
- (9) = (8) / (1)

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Selection of Ultimate Default Rate
Based on Data as of June 30, 2018**

	(1)	(2)	(3)	(4)	(5)
Issue Year	Exposure Base	Actual Original Loan Balance Default Rate	Development Method Ultimate	Bornhuetter-Ferguson Method Ultimate	Selected Ultimate Default Rate
1981	392,300	37.09%	37.09%	37.09%	37.09%
1982	838,700	40.17%	40.17%	40.17%	40.17%
1983	795,000	54.32%	54.32%	54.32%	54.32%
1984	739,700	40.39%	40.39%	40.39%	40.39%
1985	1,160,300	26.26%	26.26%	26.26%	26.26%
1986	772,800	24.40%	24.40%	24.40%	24.40%
1987	914,300	13.44%	13.44%	13.44%	13.44%
1988	1,451,700	8.57%	8.57%	8.57%	8.57%
1989	1,561,600	4.76%	4.76%	4.76%	4.76%
1990	1,678,600	9.77%	9.77%	9.77%	9.77%
1991	1,538,500	2.23%	2.23%	2.23%	2.23%
1992	2,429,300	5.22%	5.22%	5.22%	5.22%
1993	2,515,600	9.04%	9.04%	9.04%	9.04%
1994	2,427,400	11.41%	11.41%	11.41%	11.41%
1995	1,986,300	14.60%	14.60%	14.60%	14.60%
1996	3,040,500	10.33%	10.33%	10.33%	10.33%
1997	3,523,600	9.03%	9.03%	9.03%	9.03%
1998	5,077,800	9.28%	9.28%	9.28%	9.28%
1999	4,981,900	8.50%	8.50%	8.50%	8.50%
2000	2,876,400	5.74%	5.74%	5.74%	5.74%
2001	2,919,300	6.06%	6.09%	6.12%	6.11%
2002	3,787,200	3.70%	3.74%	3.82%	3.78%
2003	3,228,400	3.27%	3.32%	3.44%	3.38%
2004	3,222,300	6.48%	6.61%	6.71%	6.66%
2005	4,276,300	1.40%	1.45%	1.83%	1.64%
2006	6,010,800	3.15%	3.34%	3.81%	3.57%
2007	7,837,300	3.92%	4.27%	4.90%	4.90%
2008	2,498,700	5.34%	6.12%	6.84%	6.84%
2009	1,953,000	13.67%	16.44%	15.65%	15.65%
2010	2,729,100	14.39%	18.69%	17.09%	17.09%
2011	1,217,200	6.20%	9.26%	10.08%	10.08%
2012	3,680,200	8.48%	14.96%	13.57%	13.57%
2013	2,804,900	3.81%	8.72%	10.43%	10.43%
2014	2,718,000	1.98%	6.26%	10.01%	10.01%
2015	3,797,800	7.67%	40.01%	17.17%	17.17%
2016	5,690,600	2.41%	39.61%	13.44%	13.44%
2017	6,196,000	1.14%	90.16%	12.74%	11.75%

Notes:

- (1) From Alacra, Inc.
- (2) Section III, Exhibit 2, Page 6, Column (2) / (1)
- (3) From Section III, Exhibit 2, Page 6, Column (5)
- (4) From Section III, Exhibit 2, Page 7, Column (9)
- (5) Selected
- (6) Selected

Weighted Average All Years	9.91%
Weighted Average 1981-2008	8.49%
Weighted Average 1992-2014	7.79%
Arithmetic Average All Years	13.53%
Arithmetic Average 1981-2008	13.62%
Arithmetic Average 1992-2014	8.56%
Prior Selection	12.00%

(6) **Selected Default Rate** 12.10%

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Loss Development Method
Based on Data as of June 30, 2018**

	(1)	(2)	(3)	(4)	(5)	
Issue Year	Age	Exposure Base	Default Original Loan Balance To Date	Cumulative Reported Development Factor	Estimated Ultimate	Indicated Default Rate
1981	444	392,300	145,510	1.000	145,510	37.09%
1982	432	838,700	336,905	1.000	336,905	40.17%
1983	420	795,000	431,865	1.000	431,865	54.32%
1984	408	739,700	298,747	1.000	298,747	40.39%
1985	396	1,160,300	304,695	1.000	304,695	26.26%
1986	384	772,800	188,525	1.000	188,525	24.40%
1987	372	914,300	122,905	1.000	122,905	13.44%
1988	360	1,451,700	124,475	1.000	124,475	8.57%
1989	348	1,561,600	74,310	1.000	74,310	4.76%
1990	336	1,678,600	163,945	1.000	163,945	9.77%
1991	324	1,538,500	34,275	1.000	34,275	2.23%
1992	312	2,429,300	126,700	1.000	126,700	5.22%
1993	300	2,515,600	227,486	1.000	227,486	9.04%
1994	288	2,427,400	277,035	1.000	277,035	11.41%
1995	276	1,986,300	290,080	1.000	290,080	14.60%
1996	264	3,040,500	314,154	1.000	314,154	10.33%
1997	252	3,523,600	318,025	1.000	318,025	9.03%
1998	240	5,077,800	471,121	1.000	471,121	9.28%
1999	228	4,981,900	423,565	1.000	423,565	8.50%
2000	216	2,876,400	165,080	1.000	165,080	5.74%
2001	204	2,919,300	176,945	1.005	177,830	6.09%
2002	192	3,787,200	140,298	1.010	141,704	3.74%
2003	180	3,228,400	105,570	1.015	107,161	3.32%
2004	168	3,222,300	208,825	1.020	213,033	6.61%
2005	156	4,276,300	59,790	1.039	62,093	1.45%
2006	144	6,010,800	189,275	1.059	200,496	3.34%
2007	132	7,837,300	306,983	1.091	334,937	4.27%
2008	120	2,498,700	133,472	1.146	152,908	6.12%
2009	108	1,953,000	266,885	1.203	321,035	16.44%
2010	96	2,729,100	392,680	1.299	510,141	18.69%
2011	84	1,217,200	75,460	1.494	112,737	9.26%
2012	72	3,680,200	312,239	1.763	550,451	14.96%
2013	60	2,804,900	106,750	2.292	244,649	8.72%
2014	48	2,718,000	53,769	3.163	170,054	6.26%
2015	36	3,797,800	291,211	5.218	1,519,658	40.01%
2016	24	5,690,600	137,107	16.438	2,253,763	39.61%
2017	12	6,196,000	70,435	79.313	5,586,430	90.16%

Notes:

- (1) From Alacra, Inc.
(2) From Income Securities Advisors
(3) Based on the selected development factors
(4) = (2) x (3)
(5) = (4) / (1)
(6) Selected

Weighted Average 1981-2014	9.08%
Weighted Average 1981-2008	8.36%
Weighted Average 1992-2014	7.61%
Arithmetic Average 1981-2014	13.35%
Arithmetic Average 1981-2008	13.55%
Arithmetic Average 1992-2014	8.37%
Prior Selected	11.50%

(6) **Selected A Priori Default Rate** 11.75%

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Bornhuetter-Ferguson Method
Based on Data as of June 30, 2018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Issue Year	Exposure Base	A Priori Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
1981	392,300	11.75%	46,095	0.0%	0	46,095	145,510	145,510	37.09%
1982	838,700	11.75%	98,547	0.0%	0	98,547	336,905	336,905	40.17%
1983	795,000	11.75%	93,413	0.0%	0	93,413	431,865	431,865	54.32%
1984	739,700	11.75%	86,915	0.0%	0	86,915	298,747	298,747	40.39%
1985	1,160,300	11.75%	136,335	0.0%	0	136,335	304,695	304,695	26.26%
1986	772,800	11.75%	90,804	0.0%	0	90,804	188,525	188,525	24.40%
1987	914,300	11.75%	107,430	0.0%	0	107,430	122,905	122,905	13.44%
1988	1,451,700	11.75%	170,575	0.0%	0	170,575	124,475	124,475	8.57%
1989	1,561,600	11.75%	183,488	0.0%	0	183,488	74,310	74,310	4.76%
1990	1,678,600	11.75%	197,236	0.0%	0	197,236	163,945	163,945	9.77%
1991	1,538,500	11.75%	180,774	0.0%	0	180,774	34,275	34,275	2.23%
1992	2,429,300	11.75%	285,443	0.0%	0	285,443	126,700	126,700	5.22%
1993	2,515,600	11.75%	295,583	0.0%	0	295,583	227,486	227,486	9.04%
1994	2,427,400	11.75%	285,220	0.0%	0	285,220	277,035	277,035	11.41%
1995	1,986,300	11.75%	233,390	0.0%	0	233,390	290,080	290,080	14.60%
1996	3,040,500	11.75%	357,259	0.0%	0	357,259	314,154	314,154	10.33%
1997	3,523,600	11.75%	414,023	0.0%	0	414,023	318,025	318,025	9.03%
1998	5,077,800	11.75%	596,642	0.0%	0	596,642	471,121	471,121	9.28%
1999	4,981,900	11.75%	585,373	0.0%	0	585,373	423,565	423,565	8.50%
2000	2,876,400	11.75%	337,977	0.0%	0	337,977	165,080	165,080	5.74%
2001	2,919,300	11.75%	343,018	0.5%	1,707	341,311	176,945	178,652	6.12%
2002	3,787,200	11.75%	444,996	1.0%	4,417	440,579	140,298	144,715	3.82%
2003	3,228,400	11.75%	379,337	1.5%	5,634	373,703	105,570	111,204	3.44%
2004	3,222,300	11.75%	378,620	2.0%	7,479	371,142	208,825	216,304	6.71%
2005	4,276,300	11.75%	502,465	3.7%	18,634	483,831	59,790	78,424	1.83%
2006	6,010,800	11.75%	706,269	5.6%	39,527	666,742	189,275	228,802	3.81%
2007	7,837,300	11.75%	920,883	8.3%	76,859	844,024	306,983	383,842	4.90%
2008	2,498,700	11.75%	293,597	12.7%	37,318	256,279	133,472	170,790	6.84%
2009	1,953,000	11.75%	229,478	16.9%	38,707	190,771	266,885	305,592	15.65%
2010	2,729,100	11.75%	320,669	23.0%	73,835	246,834	392,680	466,515	17.09%
2011	1,217,200	11.75%	143,021	33.1%	47,291	95,730	75,460	122,751	10.08%
2012	3,680,200	11.75%	432,424	43.3%	187,135	245,289	312,239	499,374	13.57%
2013	2,804,900	11.75%	329,576	56.4%	185,769	143,807	106,750	292,519	10.43%
2014	2,718,000	11.75%	319,365	68.4%	218,385	100,980	53,769	272,154	10.01%
2015	3,797,800	11.75%	446,242	80.8%	360,729	85,513	291,211	651,940	17.17%
2016	5,690,600	11.75%	668,646	93.9%	627,969	40,677	137,107	765,076	13.44%
2017	6,196,000	11.75%	728,030	98.7%	718,851	9,179	70,435	789,286	12.74%
TOTALS	105,269,400		12,369,155		2,650,242	9,718,913	7,867,097	10,517,339	9.99%

Notes:

- (1) From Alacra, Inc.
(2) From Section III, Exhibit 2, Page 6, Row (6)
(3) = (1) x (2)
(4) Based on the selected development factors
(5) = (3) x (4)
(6) = (3) - (5)
(7) From Income Security Advisors
(8) = (5) + (7)
(9) = (8) / (1)

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospital and Nursing Homes Combined
Analysis of Default Pattern Based on Original Loan Balance (\$000s)
Based on Data as of June 30, 2018

Issue Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	264	276	288	300	312	324	336	348	360	372	384	396	408	
	(months)																																		
1985	29,500	66,855	193,580	298,340	430,560	444,545	480,270	504,270	509,170	518,420	518,420	518,420	518,420	518,420	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	522,335	
1986	0	16,785	72,420	110,320	115,670	120,470	126,470	132,170	146,100	416,735	416,735	416,735	416,735	416,735	459,515	459,515	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	463,205	
1987	0	22,270	36,770	48,120	71,895	129,400	140,900	140,900	133,178	336,178	336,178	336,178	336,178	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	336,678	
1988	8,815	14,785	62,205	97,730	120,230	161,397	161,397	161,397	161,397	168,197	168,197	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642	172,642		
1989	0	0	76,615	95,575	98,470	98,470	117,245	117,245	117,245	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	156,115	
1990	0	29,805	50,605	142,590	153,670	203,385	217,730	217,730	217,730	250,720	250,720	250,720	250,720	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	262,520	
1991	0	0	0	14,175	110,940	156,440	156,440	330,380	362,775	362,775	475,085	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585	476,585		
1992	0	167,354	171,054	171,054	171,054	175,969	219,424	389,594	401,449	414,234	533,474	668,639	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	672,889	
1993	0	0	3,400	3,400	17,972	279,842	412,437	458,447	467,407	490,596	505,891	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566	596,566		
1994	6,250	6,250	49,435	49,435	49,435	62,610	262,410	262,410	270,410	370,910	382,130	392,130	392,130	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785	431,785		
1995	3,405	7,995	38,255	80,215	93,815	110,605	130,405	236,705	267,425	316,670	322,970	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450	323,450		
1996	0	7,795	323,565	465,784	507,764	601,184	633,034	785,939	800,264	800,264	800,264	847,619	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259	853,259		
1997	0	41,075	162,330	269,835	349,915	350,845	360,170	363,910	362,010	415,425	436,065	436,065	437,830	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520	501,520		
1998	102,385	139,700	284,551	396,981	425,478	468,921	490,231	500,636	508,356	531,081	531,081	531,081	632,546	660,921	660,921	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676	701,676		
1999	0	36,715	67,530	150,250	211,975	258,580	260,630	327,040	329,605	332,905	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405	343,405		
2000	0	0	7,745	114,810	134,310	155,880	155,880	162,955	162,955	162,955	162,955	162,955	162,955	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565	167,565		
2001	0	0	6,500	65,510	88,815	157,970	157,970	157,970	157,970	157,970	157,970	157,970	157,970	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945	167,945		
2002	0	0	8,715	8,715	8,715	8,715	49,810	49,810	160,725	217,190	217,190	217,190	225,890	225,890	225,890	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760	231,760		
2003	0	156,700	163,565	214,770	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820	306,820		
2004	0	0	0	57,360	57,360	152,640	182,320	238,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505	241,505		
2005	0	0	8,800	61,730	143,935	158,060	158,060	161,435	168,915	168,915	168,915	168,915	168,915	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865	202,865		
2006	0	0	29,115	136,650	151,850	161,010	171,855	229,000	229,000	229,000	229,000	229,000	229,000	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850	238,850		
2007	0	42,966	574,351	760,631	789,516	946,891	1,149,326	1,157,626	1,171,626	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526	1,181,526		
2008	0	29,760	36,560	90,658	135,697	179,722	179,722	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822	299,822		
2009	0	0	0	125,140	125,140	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485	174,485		
2010	0	27,450	37,200	58,935	159,340	336,665	352,785	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900	452,900							

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

**Estimate of Cal-Mortgage's Loss Severity
Based on Data as of June 30, 2018**

	(1)	(2)	(3)	(4)
Facility Type	Income Securities Advisors Data	Actual Cal-Mortgage Experience (Including Triad)	Prior Selected	Selected
Hospitals	70.5%	N/A	N/A	N/A
Nursing Home	64.7%	N/A	N/A	N/A
TOTALS	67.5%	64.6%	64.5%	64.5%

Notes:

- (1) *From Income Securities Advisors*
- (2) *From Section I, Exhibit 1*
- (3) *From Cal-Mortgage Analysis at 6/30/2016*
- (4) *Selected*

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

**Estimate of Cal-Mortgage's Cumulative Loss Payment Pattern
Based on Data as of June 30, 2018**

	(1)	(2)	(3)
Years From Default	Income Securities Advisors Data	Previous Selection	Selected
0	19.4%	17.8%	18.5%
1	40.8%	39.2%	40.0%
2	67.9%	67.1%	67.5%
3	80.7%	80.5%	80.5%
4	91.2%	91.3%	91.5%
5	95.3%	95.4%	95.5%
6	97.2%	97.3%	97.5%
7	98.6%	98.8%	98.5%
8	99.3%	99.3%	99.3%
9	99.5%	99.5%	99.5%
10	99.7%	99.7%	99.7%
11	99.9%	99.9%	99.9%
12	100.0%	100.0%	100.0%
13	100.0%	100.0%	100.0%

Notes:

- (1) *From Income Securities Advisors; based on selections in Section III, Exhibit 4, Page 2*
- (2) *From Cal-Mortgage Analysis at 6/30/2016*
- (3) *Selected*

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

[illegible]

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

Historical Termination Rate
Based on Data as of June 30, 2018

(1) Fiscal Year End	(2) Outstanding Balance	(3) Including Refinanced Loans		(4) Excluding Refinanced Loans	
		Terminated Loans	Termination Rate	Terminated Loans	Termination Rate
2002	1,166,847,458	66,072,545	5.7%	no data	
2003	1,244,637,412	66,600,000	5.4%	62,425,000	5.0%
2004	1,329,588,053	112,540,000	8.5%	55,965,000	4.2%
2005	1,260,565,324	140,022,148	11.1%	83,782,148	6.6%
2006	1,254,779,406	43,985,000	3.5%	34,830,000	2.8%
2007	1,132,647,525	152,015,000	13.4%	139,530,000	12.3%
2008	1,374,064,775	67,057,777	4.9%	56,362,777	4.1%
2009	1,655,191,905	63,009,971	3.8%	63,009,971	3.8%
2010	1,735,067,632	16,220,755	0.9%	9,720,755	0.6%
2011	1,810,529,285	102,687,212	5.7%	90,762,212	5.0%
2012	1,714,993,295	151,868,952	8.9%	102,558,952	6.0%
2013	1,726,980,115	391,406,790	22.7%	142,846,790	8.3%
2014	1,671,379,249	339,040,000	20.3%	233,550,000	14.0%
2015	1,773,230,552	103,506,653	5.8%	73,506,653	4.1%
2016	1,637,990,120	328,208,594	20.0%	63,823,594	3.9%
2017	1,590,800,080	415,480,000	26.1%	206,225,000	13.0%
2018	1,679,591,385	39,350,000	2.3%	30,890,000	1.8%
TOTALS	25,758,883,571	2,599,071,397	10.1%	1,449,788,852	5.9%

Estimated Termination Rate

Fiscal Year	(6)	(7)
	Termination Rate	Termination Rate
7/1/2018-6/30/2019 and subsequent	7.0%	5.0%

Notes:

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

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

Estimated Premium Rate

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

(3)	Combined	2.66%
(4)	Ratio of Principal & Interest to Principal for Current Borrower Portfolio	1.741
(5)	Effective Premium Rate as a Percent of the Principal	4.62%

Notes:

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

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

Estimated Amount of Loan Default by Fiscal Year at 6.40% Default Rate - New Loans Insured
Based on Data as of June 30, 2018

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	6.40%	18,244,480	348	100%	7/1/2018-6/30/2019	15,870,190
7/1/1990-6/30/1991	502,627,148	6.40%	32,168,137	336	100%	7/1/2019-6/30/2020	16,224,235
7/1/1991-6/30/1992	340,350,000	6.40%	21,782,400	324	100%	7/1/2020-6/30/2021	16,232,358
7/1/1992-6/30/1993	425,234,203	6.40%	27,214,989	312	100%	7/1/2021-6/30/2022	15,973,694
7/1/1993-6/30/1994	269,577,356	6.40%	17,252,951	300	100%	7/1/2022-6/30/2023	15,795,219
7/1/1994-6/30/1995	86,855,000	6.40%	5,558,720	288	100%	7/1/2023-6/30/2024	15,738,809
7/1/1995-6/30/1996	122,845,000	6.40%	7,862,080	276	100%	7/1/2024-6/30/2025	15,394,211
7/1/1996-6/30/1997	96,845,000	6.40%	6,198,080	264	100%	7/1/2025-6/30/2026	15,434,713
7/1/1997-6/30/1998	288,615,000	6.40%	18,471,360	252	100%	7/1/2026-6/30/2027	15,434,010
7/1/1998-6/30/1999	30,100,000	6.40%	1,926,400	240	100%	7/1/2027-6/30/2028	15,452,901
7/1/1999-6/30/2000	135,160,000	6.40%	8,650,240	228	100%	7/1/2028-6/30/2029	15,580,280
7/1/2000-6/30/2001	153,995,000	6.40%	9,855,680	216	100%	7/1/2029-6/30/2030	15,821,914
7/1/2001-6/30/2002	183,335,000	6.40%	11,733,440	204	100%	7/1/2030-6/30/2031	16,028,147
7/1/2002-6/30/2003	157,890,000	6.40%	10,104,960	192	99%	7/1/2031-6/30/2032	16,304,825
7/1/2003-6/30/2004	198,201,000	6.40%	12,684,864	180	99%	7/1/2032-6/30/2033	16,578,924
7/1/2004-6/30/2005	47,200,000	6.40%	3,020,800	168	98%	7/1/2033-6/30/2034	16,923,353
7/1/2005-6/30/2006	68,565,000	6.40%	4,388,160	156	96%	7/1/2034-6/30/2035	17,292,390
7/1/2006-6/30/2007	26,224,359	6.40%	1,678,359	144	94%	7/1/2035-6/30/2036	17,698,335
7/1/2007-6/30/2008	332,810,000	6.40%	21,299,840	132	92%	7/1/2036-6/30/2037	18,093,999
7/1/2008-6/30/2009	354,360,000	6.40%	22,679,040	120	87%	7/1/2037-6/30/2038	18,587,062
7/1/2009-6/30/2010	135,035,000	6.40%	8,642,240	108	83%	7/1/2038-6/30/2039	19,027,435
7/1/2010-6/30/2011	190,190,000	6.40%	12,172,160	96	77%	7/1/2039-6/30/2040	19,432,235
7/1/2011-6/30/2012	55,860,000	6.40%	3,575,040	84	67%	7/1/2040-6/30/2041	19,778,375
7/1/2012-6/30/2013	361,555,000	6.40%	23,139,520	72	57%	7/1/2041-6/30/2042	20,035,979
7/1/2013-6/30/2014	258,081,893	6.40%	16,517,241	60	44%	7/1/2042-6/30/2043	20,274,295
7/1/2014-6/30/2015	241,145,000	6.40%	15,433,280	48	32%	7/1/2043-6/30/2044	20,424,698
7/1/2015-6/30/2016	263,524,235	6.40%	16,865,551	36	19%	7/1/2044-6/30/2045	20,529,334
7/1/2016-6/30/2017	374,545,000	6.40%	23,970,880	24	6%	7/1/2045-6/30/2046	20,634,857
7/1/2017-6/30/2018	238,740,000	6.40%	15,279,360	12	1%	7/1/2046-6/30/2047	20,686,693
7/1/2018-6/30/2019	225,000,000	6.40%	14,400,000	0	0%	7/1/2047-6/30/2048	20,724,783
7/1/2019-6/30/2020	225,000,000	6.40%	14,400,000		0%		
7/1/2020-6/30/2021	225,000,000	6.40%	14,400,000		0%		
7/1/2021-6/30/2022	225,000,000	6.40%	14,400,000		0%		
7/1/2022-6/30/2023	225,000,000	6.40%	14,400,000		0%		
7/1/2023-6/30/2024	250,000,000	6.40%	16,000,000		0%		
7/1/2024-6/30/2025	250,000,000	6.40%	16,000,000		0%		
7/1/2025-6/30/2026	250,000,000	6.40%	16,000,000		0%		
7/1/2026-6/30/2027	250,000,000	6.40%	16,000,000		0%		
7/1/2027-6/30/2028	250,000,000	6.40%	16,000,000		0%		
7/1/2028-6/30/2029	275,000,000	6.40%	17,600,000		0%		
7/1/2029-6/30/2030	275,000,000	6.40%	17,600,000		0%		
7/1/2030-6/30/2031	275,000,000	6.40%	17,600,000		0%		
7/1/2031-6/30/2032	275,000,000	6.40%	17,600,000		0%		
7/1/2032-6/30/2033	300,000,000	6.40%	19,200,000		0%		
7/1/2033-6/30/2034	300,000,000	6.40%	19,200,000		0%		
7/1/2034-6/30/2035	300,000,000	6.40%	19,200,000		0%		
7/1/2035-6/30/2036	325,000,000	6.40%	20,800,000		0%		
7/1/2036-6/30/2037	325,000,000	6.40%	20,800,000		0%		
7/1/2037-6/30/2038	325,000,000	6.40%	20,800,000		0%		
7/1/2038-6/30/2039	325,000,000	6.40%	20,800,000		0%		
7/1/2039-6/30/2040	325,000,000	6.40%	20,800,000		0%		
7/1/2040-6/30/2041	325,000,000	6.40%	20,800,000		0%		
7/1/2041-6/30/2042	325,000,000	6.40%	20,800,000		0%		
7/1/2042-6/30/2043	325,000,000	6.40%	20,800,000		0%		
7/1/2043-6/30/2044	325,000,000	6.40%	20,800,000		0%		
7/1/2044-6/30/2045	325,000,000	6.40%	20,800,000		0%		
7/1/2045-6/30/2046	325,000,000	6.40%	20,800,000		0%		
7/1/2046-6/30/2047	325,000,000	6.40%	20,800,000		0%		
7/1/2047-6/30/2048	325,000,000	6.40%	20,800,000		0%		

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

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
At 6.40% Default Rate
Based on Data as of June 30, 2018**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2018-6/30/2019	15,870,190	64.5%	10,236,273	1,893,710
7/1/2019-6/30/2020	16,224,235	64.5%	10,464,632	4,136,756
7/1/2020-6/30/2021	16,232,358	64.5%	10,469,871	7,001,797
7/1/2021-6/30/2022	15,973,694	64.5%	10,303,032	8,365,572
7/1/2022-6/30/2023	15,795,219	64.5%	10,187,916	9,465,523
7/1/2023-6/30/2024	15,738,809	64.5%	10,151,532	9,823,413
7/1/2024-6/30/2025	15,394,211	64.5%	9,929,266	9,935,561
7/1/2025-6/30/2026	15,434,713	64.5%	9,955,390	9,956,423
7/1/2026-6/30/2027	15,434,010	64.5%	9,954,936	9,961,045
7/1/2027-6/30/2028	15,452,901	64.5%	9,967,121	9,951,900
7/1/2028-6/30/2029	15,580,280	64.5%	10,049,281	9,964,086
7/1/2029-6/30/2030	15,821,914	64.5%	10,205,134	10,025,584
7/1/2030-6/30/2031	16,028,147	64.5%	10,338,155	10,113,514
7/1/2031-6/30/2032	16,304,825	64.5%	10,516,612	10,227,675
7/1/2032-6/30/2033	16,578,924	64.5%	10,693,406	10,362,959
7/1/2033-6/30/2034	16,923,353	64.5%	10,915,563	10,528,401
7/1/2034-6/30/2035	17,292,390	64.5%	11,153,591	10,714,066
7/1/2035-6/30/2036	17,698,335	64.5%	11,415,426	10,926,315
7/1/2036-6/30/2037	18,093,999	64.5%	11,670,629	11,155,476
7/1/2037-6/30/2038	18,587,062	64.5%	11,988,655	11,409,997
7/1/2038-6/30/2039	19,027,435	64.5%	12,272,695	11,677,093
7/1/2039-6/30/2040	19,432,235	64.5%	12,533,791	11,953,814
7/1/2040-6/30/2041	19,778,375	64.5%	12,757,052	12,218,666
7/1/2041-6/30/2042	20,035,979	64.5%	12,923,206	12,461,850
7/1/2042-6/30/2043	20,274,295	64.5%	13,076,920	12,676,229
7/1/2043-6/30/2044	20,424,698	64.5%	13,173,930	12,854,483
7/1/2044-6/30/2045	20,529,334	64.5%	13,241,420	12,999,223
7/1/2045-6/30/2046	20,634,857	64.5%	13,309,483	13,112,532
7/1/2046-6/30/2047	20,686,693	64.5%	13,342,917	13,199,333
7/1/2047-6/30/2048	20,724,783	64.5%	13,367,485	13,264,998

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

**Estimated Amount of Loan Default by Fiscal Year at 6.40% Default Rate - No New Loans Insured
Based on Data as of June 30, 2018**

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	6.40%	18,244,480	348	100%	7/1/2018-6/30/2019	15,688,632
7/1/1990-6/30/1991	502,627,148	6.40%	32,168,137	336	100%	7/1/2019-6/30/2020	15,348,216
7/1/1991-6/30/1992	340,350,000	6.40%	21,782,400	324	100%	7/1/2020-6/30/2021	13,472,896
7/1/1992-6/30/1993	425,234,203	6.40%	27,214,989	312	100%	7/1/2021-6/30/2022	11,420,581
7/1/1993-6/30/1994	269,577,356	6.40%	17,252,951	300	100%	7/1/2022-6/30/2023	9,511,923
7/1/1994-6/30/1995	86,855,000	6.40%	5,558,720	288	100%	7/1/2023-6/30/2024	7,550,351
7/1/1995-6/30/1996	122,845,000	6.40%	7,862,080	276	100%	7/1/2024-6/30/2025	5,658,300
7/1/1996-6/30/1997	96,845,000	6.40%	6,198,080	264	100%	7/1/2025-6/30/2026	4,043,744
7/1/1997-6/30/1998	288,615,000	6.40%	18,471,360	252	100%	7/1/2026-6/30/2027	2,956,997
7/1/1998-6/30/1999	30,100,000	6.40%	1,926,400	240	100%	7/1/2027-6/30/2028	2,185,090
7/1/1999-6/30/2000	135,160,000	6.40%	8,650,240	228	100%	7/1/2028-6/30/2029	1,454,369
7/1/2000-6/30/2001	153,995,000	6.40%	9,855,680	216	100%	7/1/2029-6/30/2030	1,059,530
7/1/2001-6/30/2002	183,335,000	6.40%	11,733,440	204	100%	7/1/2030-6/30/2031	623,967
7/1/2002-6/30/2003	157,890,000	6.40%	10,104,960	192	99%	7/1/2031-6/30/2032	353,235
7/1/2003-6/30/2004	198,201,000	6.40%	12,684,864	180	99%	7/1/2032-6/30/2033	277,835
7/1/2004-6/30/2005	47,200,000	6.40%	3,020,800	168	98%	7/1/2033-6/30/2034	194,897
7/1/2005-6/30/2006	68,565,000	6.40%	4,388,160	156	96%	7/1/2034-6/30/2035	76,017
7/1/2006-6/30/2007	26,224,359	6.40%	1,678,359	144	94%	7/1/2035-6/30/2036	0
7/1/2007-6/30/2008	332,810,000	6.40%	21,299,840	132	92%	7/1/2036-6/30/2037	0
7/1/2008-6/30/2009	354,360,000	6.40%	22,679,040	120	87%	7/1/2037-6/30/2038	0
7/1/2009-6/30/2010	135,035,000	6.40%	8,642,240	108	83%	7/1/2038-6/30/2039	0
7/1/2010-6/30/2011	190,190,000	6.40%	12,172,160	96	77%	7/1/2039-6/30/2040	0
7/1/2011-6/30/2012	55,860,000	6.40%	3,575,040	84	67%	7/1/2040-6/30/2041	0
7/1/2012-6/30/2013	361,555,000	6.40%	23,139,520	72	57%	7/1/2041-6/30/2042	0
7/1/2013-6/30/2014	258,081,893	6.40%	16,517,241	60	44%	7/1/2042-6/30/2043	0
7/1/2014-6/30/2015	241,145,000	6.40%	15,433,280	48	32%	7/1/2043-6/30/2044	0
7/1/2015-6/30/2016	263,524,235	6.40%	16,865,551	36	19%	7/1/2044-6/30/2045	0
7/1/2016-6/30/2017	374,545,000	6.40%	23,970,880	24	6%	7/1/2045-6/30/2046	0
7/1/2017-6/30/2018	238,740,000	6.40%	15,279,360	12	1%	7/1/2046-6/30/2047	0
						7/1/2047-6/30/2048	0

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

**Estimated Loss Payment for Future Default by Fiscal Year - No New Loans Insured
At 6.40% Default Rate
Based on Data as of June 30, 2018**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2018-6/30/2019	15,688,632	64.5%	10,119,167	1,872,046
7/1/2019-6/30/2020	15,348,216	64.5%	9,899,599	4,007,047
7/1/2020-6/30/2021	13,472,896	64.5%	8,690,018	6,518,838
7/1/2021-6/30/2022	11,420,581	64.5%	7,366,275	7,268,996
7/1/2022-6/30/2023	9,511,923	64.5%	6,135,190	7,508,570
7/1/2023-6/30/2024	7,550,351	64.5%	4,869,976	6,869,162
7/1/2024-6/30/2025	5,658,300	64.5%	3,649,603	5,921,284
7/1/2025-6/30/2026	4,043,744	64.5%	2,608,215	4,861,077
7/1/2026-6/30/2027	2,956,997	64.5%	1,907,263	3,873,619
7/1/2027-6/30/2028	2,185,090	64.5%	1,409,383	2,977,271
7/1/2028-6/30/2029	1,454,369	64.5%	938,068	2,242,305
7/1/2029-6/30/2030	1,059,530	64.5%	683,397	1,671,625
7/1/2030-6/30/2031	623,967	64.5%	402,459	1,209,506
7/1/2031-6/30/2032	353,235	64.5%	227,837	851,787
7/1/2032-6/30/2033	277,835	64.5%	179,204	580,075
7/1/2033-6/30/2034	194,897	64.5%	125,708	394,258
7/1/2034-6/30/2035	76,017	64.5%	49,031	263,108
7/1/2035-6/30/2036	0	64.5%	0	165,092
7/1/2036-6/30/2037	0	64.5%	0	96,538
7/1/2037-6/30/2038	0	64.5%	0	52,536
7/1/2038-6/30/2039	0	64.5%	0	27,473
7/1/2039-6/30/2040	0	64.5%	0	13,547
7/1/2040-6/30/2041	0	64.5%	0	7,237
7/1/2041-6/30/2042	0	64.5%	0	3,798
7/1/2042-6/30/2043	0	64.5%	0	1,860
7/1/2043-6/30/2044	0	64.5%	0	936
7/1/2044-6/30/2045	0	64.5%	0	529
7/1/2045-6/30/2046	0	64.5%	0	224
7/1/2046-6/30/2047	0	64.5%	0	49
7/1/2047-6/30/2048	0	64.5%	0	0

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

Estimated Amount of Loan Default by Fiscal Year at 8.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2018

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	8.00%	22,805,600	348	100%	7/1/2018-6/30/2019	19,837,738
7/1/1990-6/30/1991	502,627,148	8.00%	40,210,172	336	100%	7/1/2019-6/30/2020	20,280,294
7/1/1991-6/30/1992	340,350,000	8.00%	27,228,000	324	100%	7/1/2020-6/30/2021	20,290,448
7/1/1992-6/30/1993	425,234,203	8.00%	34,018,736	312	100%	7/1/2021-6/30/2022	19,967,117
7/1/1993-6/30/1994	269,577,356	8.00%	21,566,188	300	100%	7/1/2022-6/30/2023	19,744,023
7/1/1994-6/30/1995	86,855,000	8.00%	6,948,400	288	100%	7/1/2023-6/30/2024	19,673,511
7/1/1995-6/30/1996	122,845,000	8.00%	9,827,600	276	100%	7/1/2024-6/30/2025	19,242,764
7/1/1996-6/30/1997	96,845,000	8.00%	7,747,600	264	100%	7/1/2025-6/30/2026	19,293,391
7/1/1997-6/30/1998	288,615,000	8.00%	23,089,200	252	100%	7/1/2026-6/30/2027	19,292,512
7/1/1998-6/30/1999	30,100,000	8.00%	2,408,000	240	100%	7/1/2027-6/30/2028	19,316,126
7/1/1999-6/30/2000	135,160,000	8.00%	10,812,800	228	100%	7/1/2028-6/30/2029	19,475,350
7/1/2000-6/30/2001	153,995,000	8.00%	12,319,600	216	100%	7/1/2029-6/30/2030	19,777,392
7/1/2001-6/30/2002	183,335,000	8.00%	14,666,800	204	100%	7/1/2030-6/30/2031	20,035,183
7/1/2002-6/30/2003	157,890,000	8.00%	12,631,200	192	99%	7/1/2031-6/30/2032	20,381,031
7/1/2003-6/30/2004	198,201,000	8.00%	15,856,080	180	99%	7/1/2032-6/30/2033	20,723,655
7/1/2004-6/30/2005	47,200,000	8.00%	3,776,000	168	98%	7/1/2033-6/30/2034	21,154,192
7/1/2005-6/30/2006	68,565,000	8.00%	5,485,200	156	96%	7/1/2034-6/30/2035	21,615,487
7/1/2006-6/30/2007	26,224,359	8.00%	2,097,949	144	94%	7/1/2035-6/30/2036	22,122,918
7/1/2007-6/30/2008	332,810,000	8.00%	26,624,800	132	92%	7/1/2036-6/30/2037	22,617,499
7/1/2008-6/30/2009	354,360,000	8.00%	28,348,800	120	87%	7/1/2037-6/30/2038	23,233,827
7/1/2009-6/30/2010	135,035,000	8.00%	10,802,800	108	83%	7/1/2038-6/30/2039	23,784,293
7/1/2010-6/30/2011	190,190,000	8.00%	15,215,200	96	77%	7/1/2039-6/30/2040	24,290,293
7/1/2011-6/30/2012	55,860,000	8.00%	4,468,800	84	67%	7/1/2040-6/30/2041	24,722,968
7/1/2012-6/30/2013	361,555,000	8.00%	28,924,400	72	57%	7/1/2041-6/30/2042	25,044,973
7/1/2013-6/30/2014	258,081,893	8.00%	20,646,551	60	44%	7/1/2042-6/30/2043	25,342,869
7/1/2014-6/30/2015	241,145,000	8.00%	19,291,600	48	32%	7/1/2043-6/30/2044	25,530,872
7/1/2015-6/30/2016	263,524,235	8.00%	21,081,939	36	19%	7/1/2044-6/30/2045	25,661,667
7/1/2016-6/30/2017	374,545,000	8.00%	29,963,600	24	6%	7/1/2045-6/30/2046	25,465,757
7/1/2017-6/30/2018	238,740,000	8.00%	19,099,200	12	1%	7/1/2046-6/30/2047	24,276,664
7/1/2018-6/30/2019	225,000,000	8.00%	18,000,000	0	0%	7/1/2047-6/30/2048	20,923,616
7/1/2019-6/30/2020	225,000,000	8.00%	18,000,000		0%		
7/1/2020-6/30/2021	225,000,000	8.00%	18,000,000		0%		
7/1/2021-6/30/2022	225,000,000	8.00%	18,000,000		0%		
7/1/2022-6/30/2023	225,000,000	8.00%	18,000,000		0%		
7/1/2023-6/30/2024	250,000,000	8.00%	20,000,000		0%		
7/1/2024-6/30/2025	250,000,000	8.00%	20,000,000		0%		
7/1/2025-6/30/2026	250,000,000	8.00%	20,000,000		0%		
7/1/2026-6/30/2027	250,000,000	8.00%	20,000,000		0%		
7/1/2027-6/30/2028	250,000,000	8.00%	20,000,000		0%		
7/1/2028-6/30/2029	275,000,000	8.00%	22,000,000		0%		
7/1/2029-6/30/2030	275,000,000	8.00%	22,000,000		0%		
7/1/2030-6/30/2031	275,000,000	8.00%	22,000,000		0%		
7/1/2031-6/30/2032	275,000,000	8.00%	22,000,000		0%		
7/1/2032-6/30/2033	300,000,000	8.00%	24,000,000		0%		
7/1/2033-6/30/2034	300,000,000	8.00%	24,000,000		0%		
7/1/2034-6/30/2035	300,000,000	8.00%	24,000,000		0%		
7/1/2035-6/30/2036	325,000,000	8.00%	26,000,000		0%		
7/1/2036-6/30/2037	325,000,000	8.00%	26,000,000		0%		
7/1/2037-6/30/2038	325,000,000	8.00%	26,000,000		0%		
7/1/2038-6/30/2039	325,000,000	8.00%	26,000,000		0%		
7/1/2039-6/30/2040	325,000,000	8.00%	26,000,000		0%		
7/1/2040-6/30/2041	325,000,000	8.00%	26,000,000		0%		
7/1/2041-6/30/2042	325,000,000	8.00%	26,000,000		0%		
7/1/2042-6/30/2043	325,000,000	8.00%	26,000,000		0%		
7/1/2043-6/30/2044	325,000,000	8.00%	26,000,000		0%		
7/1/2044-6/30/2045	325,000,000	8.00%	26,000,000		0%		
7/1/2045-6/30/2046	325,000,000	8.00%	26,000,000		0%		
7/1/2046-6/30/2047	325,000,000	8.00%	26,000,000		0%		
7/1/2047-6/30/2048	325,000,000	8.00%	26,000,000		0%		

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

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
At 8.00% Default Rate
Based on Data as of June 30, 2018**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2018-6/30/2019	19,837,738	64.5%	12,795,341	2,367,138
7/1/2019-6/30/2020	20,280,294	64.5%	13,080,790	5,170,944
7/1/2020-6/30/2021	20,290,448	64.5%	13,087,339	8,752,246
7/1/2021-6/30/2022	19,967,117	64.5%	12,878,791	10,456,966
7/1/2022-6/30/2023	19,744,023	64.5%	12,734,895	11,831,904
7/1/2023-6/30/2024	19,673,511	64.5%	12,689,415	12,279,266
7/1/2024-6/30/2025	19,242,764	64.5%	12,411,583	12,419,452
7/1/2025-6/30/2026	19,293,391	64.5%	12,444,237	12,445,529
7/1/2026-6/30/2027	19,292,512	64.5%	12,443,670	12,451,307
7/1/2027-6/30/2028	19,316,126	64.5%	12,458,901	12,439,874
7/1/2028-6/30/2029	19,475,350	64.5%	12,561,601	12,455,108
7/1/2029-6/30/2030	19,777,392	64.5%	12,756,418	12,531,980
7/1/2030-6/30/2031	20,035,183	64.5%	12,922,693	12,641,893
7/1/2031-6/30/2032	20,381,031	64.5%	13,145,765	12,784,593
7/1/2032-6/30/2033	20,723,655	64.5%	13,366,758	12,953,699
7/1/2033-6/30/2034	21,154,192	64.5%	13,644,454	13,160,501
7/1/2034-6/30/2035	21,615,487	64.5%	13,941,989	13,392,582
7/1/2035-6/30/2036	22,122,918	64.5%	14,269,282	13,657,894
7/1/2036-6/30/2037	22,617,499	64.5%	14,588,287	13,944,345
7/1/2037-6/30/2038	23,233,827	64.5%	14,985,819	14,262,496
7/1/2038-6/30/2039	23,784,293	64.5%	15,340,869	14,596,366
7/1/2039-6/30/2040	24,290,293	64.5%	15,667,239	14,942,267
7/1/2040-6/30/2041	24,722,968	64.5%	15,946,315	15,273,333
7/1/2041-6/30/2042	25,044,973	64.5%	16,154,008	15,577,312
7/1/2042-6/30/2043	25,342,869	64.5%	16,346,150	15,845,287
7/1/2043-6/30/2044	25,530,872	64.5%	16,467,413	16,068,103
7/1/2044-6/30/2045	25,661,667	64.5%	16,551,775	16,249,029
7/1/2045-6/30/2046	25,465,757	64.5%	16,425,414	16,351,548
7/1/2046-6/30/2047	24,276,664	64.5%	15,658,448	16,264,970
7/1/2047-6/30/2048	20,923,616	64.5%	13,495,733	15,709,238

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

Estimated Amount of Loan Default by Fiscal Year at 10.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2018

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	10.00%	28,507,000	348	100%	7/1/2018-6/30/2019	24,797,172
7/1/1990-6/30/1991	502,627,148	10.00%	50,262,715	336	100%	7/1/2019-6/30/2020	25,350,368
7/1/1991-6/30/1992	340,350,000	10.00%	34,035,000	324	100%	7/1/2020-6/30/2021	25,363,060
7/1/1992-6/30/1993	425,234,203	10.00%	42,523,420	312	100%	7/1/2021-6/30/2022	24,958,896
7/1/1993-6/30/1994	269,577,356	10.00%	26,957,736	300	100%	7/1/2022-6/30/2023	24,680,029
7/1/1994-6/30/1995	86,855,000	10.00%	8,685,500	288	100%	7/1/2023-6/30/2024	24,591,889
7/1/1995-6/30/1996	122,845,000	10.00%	12,284,500	276	100%	7/1/2024-6/30/2025	24,053,455
7/1/1996-6/30/1997	96,845,000	10.00%	9,684,500	264	100%	7/1/2025-6/30/2026	24,116,739
7/1/1997-6/30/1998	288,615,000	10.00%	28,861,500	252	100%	7/1/2026-6/30/2027	24,115,640
7/1/1998-6/30/1999	30,100,000	10.00%	3,010,000	240	100%	7/1/2027-6/30/2028	24,145,157
7/1/1999-6/30/2000	135,160,000	10.00%	13,516,000	228	100%	7/1/2028-6/30/2029	24,344,187
7/1/2000-6/30/2001	153,995,000	10.00%	15,399,500	216	100%	7/1/2029-6/30/2030	24,721,740
7/1/2001-6/30/2002	183,335,000	10.00%	18,333,500	204	100%	7/1/2030-6/30/2031	25,043,979
7/1/2002-6/30/2003	157,890,000	10.00%	15,789,000	192	99%	7/1/2031-6/30/2032	25,476,289
7/1/2003-6/30/2004	198,201,000	10.00%	19,820,100	180	99%	7/1/2032-6/30/2033	25,904,569
7/1/2004-6/30/2005	47,200,000	10.00%	4,720,000	168	98%	7/1/2033-6/30/2034	26,442,740
7/1/2005-6/30/2006	68,565,000	10.00%	6,856,500	156	96%	7/1/2034-6/30/2035	27,019,359
7/1/2006-6/30/2007	26,224,359	10.00%	2,622,436	144	94%	7/1/2035-6/30/2036	27,653,648
7/1/2007-6/30/2008	332,810,000	10.00%	33,281,000	132	92%	7/1/2036-6/30/2037	28,271,874
7/1/2008-6/30/2009	354,360,000	10.00%	35,436,000	120	87%	7/1/2037-6/30/2038	29,042,284
7/1/2009-6/30/2010	135,035,000	10.00%	13,503,500	108	83%	7/1/2038-6/30/2039	29,730,367
7/1/2010-6/30/2011	190,190,000	10.00%	19,019,000	96	77%	7/1/2039-6/30/2040	30,362,867
7/1/2011-6/30/2012	55,860,000	10.00%	5,586,000	84	67%	7/1/2040-6/30/2041	30,903,711
7/1/2012-6/30/2013	361,555,000	10.00%	36,155,500	72	57%	7/1/2041-6/30/2042	31,306,217
7/1/2013-6/30/2014	258,081,893	10.00%	25,808,189	60	44%	7/1/2042-6/30/2043	31,678,586
7/1/2014-6/30/2015	241,145,000	10.00%	24,114,500	48	32%	7/1/2043-6/30/2044	31,913,590
7/1/2015-6/30/2016	263,524,235	10.00%	26,352,424	36	19%	7/1/2044-6/30/2045	32,077,084
7/1/2016-6/30/2017	374,545,000	10.00%	37,454,500	24	6%	7/1/2045-6/30/2046	32,241,964
7/1/2017-6/30/2018	238,740,000	10.00%	23,874,000	12	1%	7/1/2046-6/30/2047	32,322,958
7/1/2018-6/30/2019	225,000,000	10.00%	22,500,000	0	0%	7/1/2047-6/30/2048	32,382,474
7/1/2019-6/30/2020	225,000,000	10.00%	22,500,000		0%		
7/1/2020-6/30/2021	225,000,000	10.00%	22,500,000		0%		
7/1/2021-6/30/2022	225,000,000	10.00%	22,500,000		0%		
7/1/2022-6/30/2023	225,000,000	10.00%	22,500,000		0%		
7/1/2023-6/30/2024	250,000,000	10.00%	25,000,000		0%		
7/1/2024-6/30/2025	250,000,000	10.00%	25,000,000		0%		
7/1/2025-6/30/2026	250,000,000	10.00%	25,000,000		0%		
7/1/2026-6/30/2027	250,000,000	10.00%	25,000,000		0%		
7/1/2027-6/30/2028	250,000,000	10.00%	25,000,000		0%		
7/1/2028-6/30/2029	275,000,000	10.00%	27,500,000		0%		
7/1/2029-6/30/2030	275,000,000	10.00%	27,500,000		0%		
7/1/2030-6/30/2031	275,000,000	10.00%	27,500,000		0%		
7/1/2031-6/30/2032	275,000,000	10.00%	27,500,000		0%		
7/1/2032-6/30/2033	300,000,000	10.00%	30,000,000		0%		
7/1/2033-6/30/2034	300,000,000	10.00%	30,000,000		0%		
7/1/2034-6/30/2035	300,000,000	10.00%	30,000,000		0%		
7/1/2035-6/30/2036	325,000,000	10.00%	32,500,000		0%		
7/1/2036-6/30/2037	325,000,000	10.00%	32,500,000		0%		
7/1/2037-6/30/2038	325,000,000	10.00%	32,500,000		0%		
7/1/2038-6/30/2039	325,000,000	10.00%	32,500,000		0%		
7/1/2039-6/30/2040	325,000,000	10.00%	32,500,000		0%		
7/1/2040-6/30/2041	325,000,000	10.00%	32,500,000		0%		
7/1/2041-6/30/2042	325,000,000	10.00%	32,500,000		0%		
7/1/2042-6/30/2043	325,000,000	10.00%	32,500,000		0%		
7/1/2043-6/30/2044	325,000,000	10.00%	32,500,000		0%		
7/1/2044-6/30/2045	325,000,000	10.00%	32,500,000		0%		
7/1/2045-6/30/2046	325,000,000	10.00%	32,500,000		0%		
7/1/2046-6/30/2047	325,000,000	10.00%	32,500,000		0%		
7/1/2047-6/30/2048	325,000,000	10.00%	32,500,000		0%		

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

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
At 10.00% Default Rate
Based on Data as of June 30, 2018**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2018-6/30/2019	24,797,172	64.5%	15,994,176	2,958,923
7/1/2019-6/30/2020	25,350,368	64.5%	16,350,987	6,463,681
7/1/2020-6/30/2021	25,363,060	64.5%	16,359,174	10,940,308
7/1/2021-6/30/2022	24,958,896	64.5%	16,098,488	13,071,207
7/1/2022-6/30/2023	24,680,029	64.5%	15,918,619	14,789,880
7/1/2023-6/30/2024	24,591,889	64.5%	15,861,768	15,349,083
7/1/2024-6/30/2025	24,053,455	64.5%	15,514,478	15,524,314
7/1/2025-6/30/2026	24,116,739	64.5%	15,555,297	15,556,912
7/1/2026-6/30/2027	24,115,640	64.5%	15,554,588	15,564,133
7/1/2027-6/30/2028	24,145,157	64.5%	15,573,626	15,549,843
7/1/2028-6/30/2029	24,344,187	64.5%	15,702,001	15,568,884
7/1/2029-6/30/2030	24,721,740	64.5%	15,945,522	15,664,975
7/1/2030-6/30/2031	25,043,979	64.5%	16,153,367	15,802,366
7/1/2031-6/30/2032	25,476,289	64.5%	16,432,206	15,980,742
7/1/2032-6/30/2033	25,904,569	64.5%	16,708,447	16,192,123
7/1/2033-6/30/2034	26,442,740	64.5%	17,055,567	16,450,627
7/1/2034-6/30/2035	27,019,359	64.5%	17,427,487	16,740,728
7/1/2035-6/30/2036	27,653,648	64.5%	17,836,603	17,072,367
7/1/2036-6/30/2037	28,271,874	64.5%	18,235,358	17,430,431
7/1/2037-6/30/2038	29,042,284	64.5%	18,732,273	17,828,120
7/1/2038-6/30/2039	29,730,367	64.5%	19,176,087	18,245,458
7/1/2039-6/30/2040	30,362,867	64.5%	19,584,049	18,677,834
7/1/2040-6/30/2041	30,903,711	64.5%	19,932,893	19,091,666
7/1/2041-6/30/2042	31,306,217	64.5%	20,192,510	19,471,640
7/1/2042-6/30/2043	31,678,586	64.5%	20,432,688	19,806,608
7/1/2043-6/30/2044	31,913,590	64.5%	20,584,266	20,085,129
7/1/2044-6/30/2045	32,077,084	64.5%	20,689,719	20,311,286
7/1/2045-6/30/2046	32,241,964	64.5%	20,796,067	20,488,331
7/1/2046-6/30/2047	32,322,958	64.5%	20,848,308	20,623,958
7/1/2047-6/30/2048	32,382,474	64.5%	20,886,696	20,726,559

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

**Estimated Amount of Loan Default by Fiscal Year at 6.40% Default Rate - Annual-Premium Loans Only
Based on Data as of June 30, 2018**

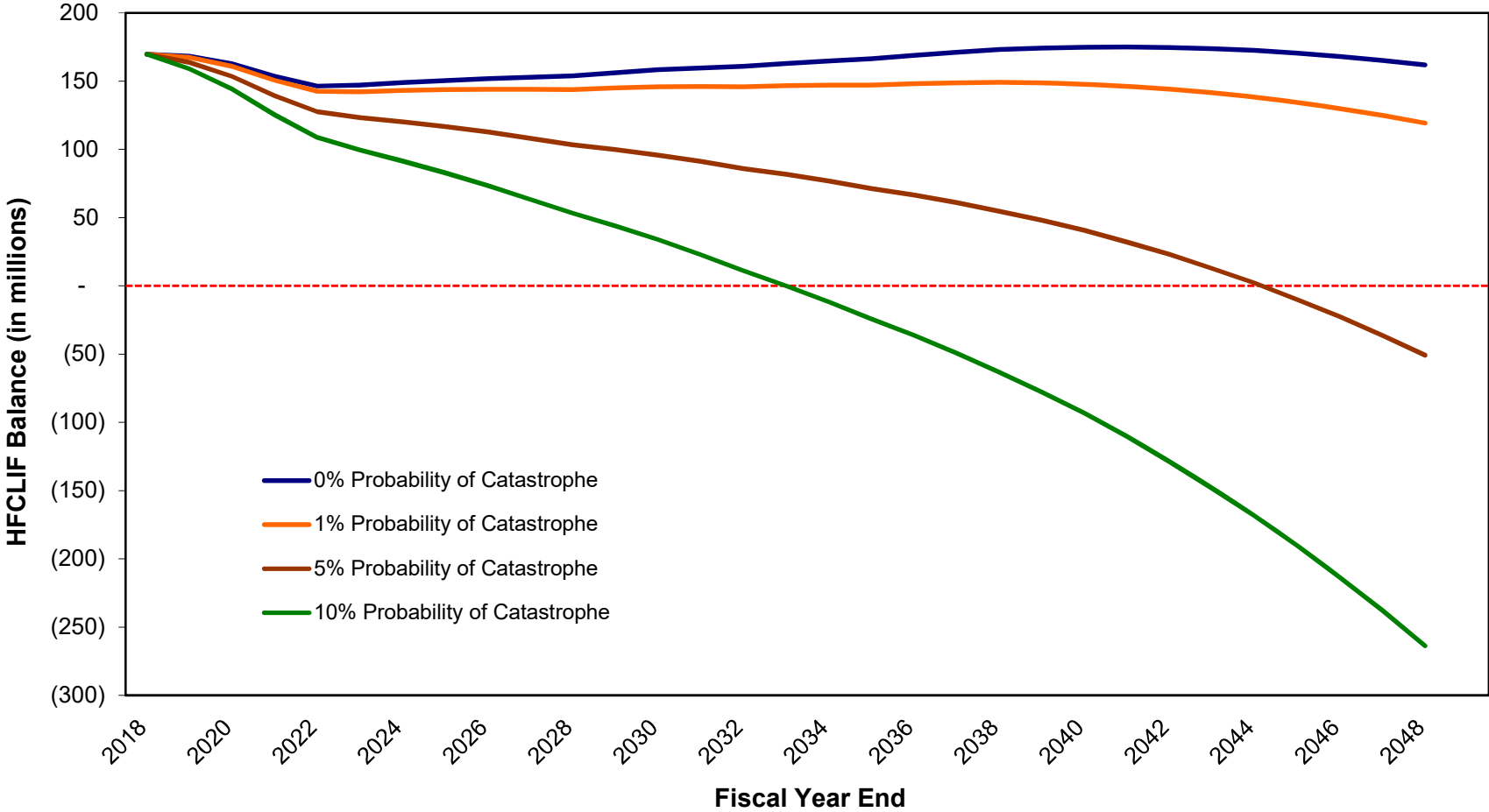
Issue Year	Total Annual Premium Loans Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1983-6/30/1984	159,700,000	6.40%	10,220,800	420	100%	7/1/2018-6/30/2019	0
7/1/1984-6/30/1985	151,784,000	6.40%	9,714,176	408	100%	7/1/2019-6/30/2020	0
7/1/1985-6/30/1986	210,620,000	6.40%	13,479,680	396	100%	7/1/2020-6/30/2021	0
7/1/1986-6/30/1987	287,629,000	6.40%	18,408,256	384	100%	7/1/2021-6/30/2022	0
7/1/1987-6/30/1988	164,845,000	6.40%	10,550,080	372	100%	7/1/2022-6/30/2023	0
7/1/1988-6/30/1989	291,840,000	6.40%	18,677,760	360	100%	7/1/2023-6/30/2024	0
7/1/1989-6/30/1990	285,070,000	6.40%	18,244,480	348	100%	7/1/2024-6/30/2025	0
7/1/1990-6/30/1991	502,627,148	6.40%	32,168,137	336	100%	7/1/2025-6/30/2026	0
7/1/1991-6/30/1992	340,350,000	6.40%	21,782,400	324	100%	7/1/2026-6/30/2027	0
7/1/1992-6/30/1993	425,234,203	6.40%	27,214,989	312	100%	7/1/2027-6/30/2028	0
7/1/1993-6/30/1994	269,577,356	6.40%	17,252,951	300	100%	7/1/2028-6/30/2029	0
7/1/1994-6/30/1995	86,855,000	6.40%	5,558,720	288	100%	7/1/2029-6/30/2030	0
7/1/1995-6/30/1996	122,845,000	6.40%	7,862,080	276	100%	7/1/2030-6/30/2031	0
7/1/1996-6/30/1997	96,845,000	6.40%	6,198,080	264	100%	7/1/2031-6/30/2032	0
7/1/1997-6/30/1998	288,615,000	6.40%	18,471,360	252	100%	7/1/2032-6/30/2033	0
7/1/1998-6/30/1999	30,100,000	6.40%	1,926,400	240	100%	7/1/2033-6/30/2034	0
7/1/1999-6/30/2000	135,160,000	6.40%	8,650,240	228	100%	7/1/2034-6/30/2035	0
7/1/2000-6/30/2001	35,640,000	6.40%	2,280,960	216	100%	7/1/2035-6/30/2036	0

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

Projected Fiscal Year End HFCLIF Balance

Fiscal Year	Expected Fiscal Year End Fund Balance			
	0% Probability of Catastrophe	1% Probability of Catastrophe	5% Probability of Catastrophe	10% Probability of Catastrophe
7/1/2017-6/30/2018	169,757,738	169,757,738	169,757,738	169,757,738
7/1/2018-6/30/2019	168,146,900	167,334,800	163,620,500	159,025,000
7/1/2019-6/30/2020	162,665,000	160,837,700	153,415,200	144,205,100
7/1/2020-6/30/2021	153,427,600	150,645,200	139,322,000	125,363,900
7/1/2021-6/30/2022	146,381,900	142,591,200	127,488,700	108,739,900
7/1/2022-6/30/2023	147,076,500	142,222,900	123,257,200	99,465,570
7/1/2023-6/30/2024	148,834,700	143,128,100	120,112,900	91,378,770
7/1/2024-6/30/2025	150,404,700	143,747,500	116,784,400	82,732,190
7/1/2025-6/30/2026	151,705,600	143,948,300	112,707,800	73,360,500
7/1/2026-6/30/2027	152,869,800	143,927,600	108,056,700	63,268,390
7/1/2027-6/30/2028	153,885,500	143,826,100	103,361,900	53,299,660
7/1/2028-6/30/2029	156,196,900	144,942,400	99,764,560	43,776,400
7/1/2029-6/30/2030	158,341,400	145,899,000	95,792,400	33,876,060
7/1/2030-6/30/2031	159,659,000	145,975,400	91,123,940	22,819,800
7/1/2031-6/30/2032	160,754,300	145,804,900	85,949,540	11,128,850
7/1/2032-6/30/2033	162,865,000	146,610,500	81,783,890	2,440
7/1/2033-6/30/2034	164,754,900	147,063,700	76,916,140	(11,565,890)
7/1/2034-6/30/2035	166,360,500	147,052,000	71,321,150	(24,190,500)
7/1/2035-6/30/2036	168,931,400	148,121,400	66,492,560	(36,195,340)
7/1/2036-6/30/2037	171,182,900	148,818,800	61,118,640	(49,227,150)
7/1/2037-6/30/2038	173,097,300	149,142,700	54,711,460	(63,255,080)
7/1/2038-6/30/2039	174,190,200	148,783,400	48,123,520	(77,731,860)
7/1/2039-6/30/2040	174,834,100	147,751,300	40,643,060	(93,220,470)
7/1/2040-6/30/2041	174,980,300	146,117,900	32,032,610	(110,271,800)
7/1/2041-6/30/2042	174,626,100	144,123,000	23,013,080	(128,653,700)
7/1/2042-6/30/2043	173,800,500	141,441,200	12,779,090	(148,241,200)
7/1/2043-6/30/2044	172,529,900	138,332,700	2,093,135	(168,479,500)
7/1/2044-6/30/2045	170,533,200	134,405,800	(9,929,797)	(190,253,300)
7/1/2045-6/30/2046	168,092,300	129,901,500	(22,591,370)	(213,580,000)
7/1/2046-6/30/2047	165,190,200	124,854,700	(36,213,090)	(237,862,700)
7/1/2047-6/30/2048	161,835,800	119,224,600	(50,798,380)	(263,744,200)

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



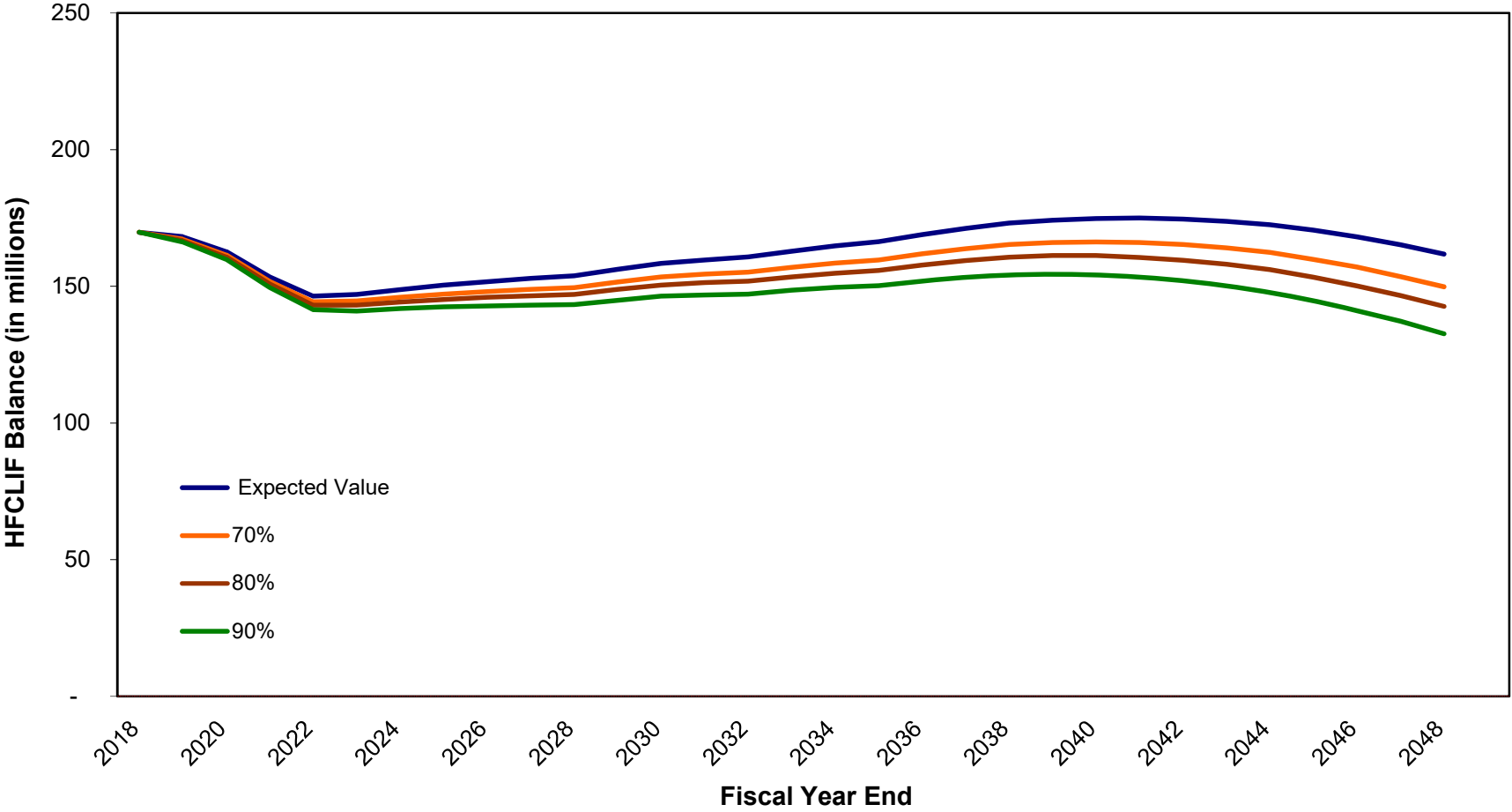
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2017-6/30/2018	169,757,738	169,757,738	169,757,738	169,757,738
7/1/2018-6/30/2019	168,146,900	167,226,000	166,727,100	166,227,600
7/1/2019-6/30/2020	162,665,000	161,495,900	160,761,000	159,781,900
7/1/2020-6/30/2021	153,427,600	151,807,800	150,849,600	149,469,200
7/1/2021-6/30/2022	146,381,900	144,333,500	143,081,300	141,418,200
7/1/2022-6/30/2023	147,076,500	144,608,100	143,118,700	140,988,000
7/1/2023-6/30/2024	148,834,700	146,014,000	144,259,500	141,818,300
7/1/2024-6/30/2025	150,404,700	147,106,000	145,172,500	142,442,800
7/1/2025-6/30/2026	151,705,600	148,110,800	145,956,400	142,815,000
7/1/2026-6/30/2027	152,869,800	148,898,400	146,506,800	143,129,300
7/1/2027-6/30/2028	153,885,500	149,538,200	147,051,900	143,361,500
7/1/2028-6/30/2029	156,196,900	151,564,900	148,847,900	144,875,000
7/1/2029-6/30/2030	158,341,400	153,471,200	150,452,600	146,385,700
7/1/2030-6/30/2031	159,659,000	154,492,800	151,328,200	146,832,400
7/1/2031-6/30/2032	160,754,300	155,221,500	151,830,900	147,174,700
7/1/2032-6/30/2033	162,865,000	156,962,300	153,475,100	148,578,400
7/1/2033-6/30/2034	164,754,900	158,515,700	154,732,500	149,595,800
7/1/2034-6/30/2035	166,360,500	159,654,700	155,825,000	150,252,000
7/1/2035-6/30/2036	168,931,400	161,895,900	157,811,100	151,887,800
7/1/2036-6/30/2037	171,182,900	163,765,800	159,445,300	153,188,400
7/1/2037-6/30/2038	173,097,300	165,308,100	160,676,000	154,200,600
7/1/2038-6/30/2039	174,190,200	166,022,700	161,288,900	154,438,000
7/1/2039-6/30/2040	174,834,100	166,268,600	161,266,400	154,201,200
7/1/2040-6/30/2041	174,980,300	166,030,200	160,554,800	153,351,700
7/1/2041-6/30/2042	174,626,100	165,311,500	159,504,300	151,936,200
7/1/2042-6/30/2043	173,800,500	164,098,800	158,065,100	150,079,800
7/1/2043-6/30/2044	172,529,900	162,419,500	156,093,100	147,721,800
7/1/2044-6/30/2045	170,533,200	159,876,800	153,330,900	144,729,700
7/1/2045-6/30/2046	168,092,300	157,000,000	150,176,400	141,006,600
7/1/2046-6/30/2047	165,190,200	153,511,200	146,635,200	137,200,500
7/1/2047-6/30/2048	161,835,800	149,794,000	142,648,400	132,645,300

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

0% Probability of Catastrophe



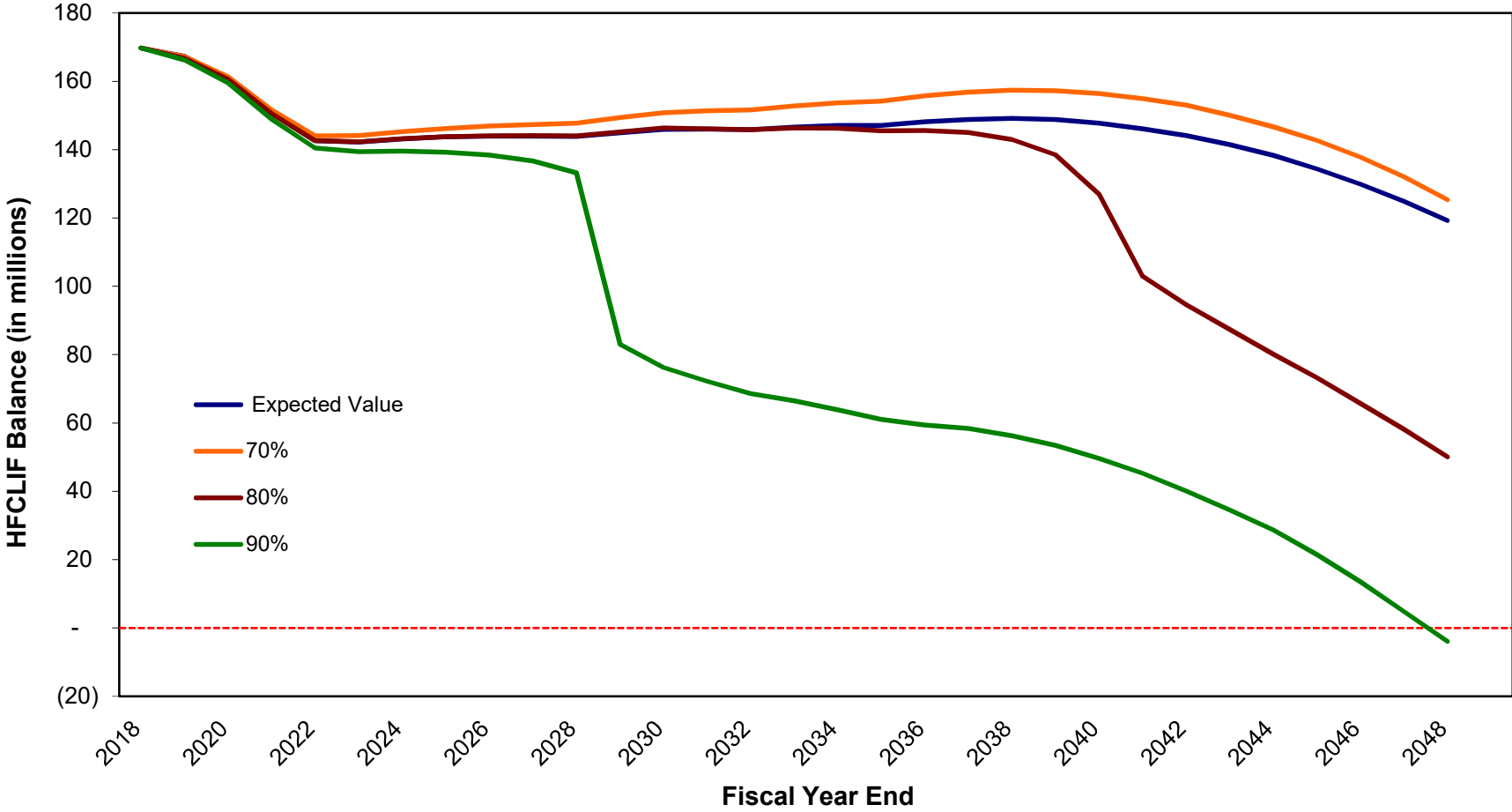
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2017-6/30/2018	169,757,738	169,757,738	169,757,738	169,757,738
7/1/2018-6/30/2019	167,334,800	167,198,000	166,706,200	166,199,200
7/1/2019-6/30/2020	160,837,700	161,399,300	160,644,100	159,558,900
7/1/2020-6/30/2021	150,645,200	151,635,700	150,587,800	148,925,400
7/1/2021-6/30/2022	142,591,200	143,992,100	142,647,700	140,459,800
7/1/2022-6/30/2023	142,222,900	144,112,400	142,333,100	139,417,700
7/1/2023-6/30/2024	143,128,100	145,292,600	143,185,700	139,550,400
7/1/2024-6/30/2025	143,747,500	146,161,100	143,769,800	139,230,100
7/1/2025-6/30/2026	143,948,300	146,936,000	143,998,500	138,379,100
7/1/2026-6/30/2027	143,927,600	147,353,600	144,080,700	136,648,700
7/1/2027-6/30/2028	143,826,100	147,730,000	144,039,700	133,178,800
7/1/2028-6/30/2029	144,942,400	149,398,800	145,194,300	83,037,010
7/1/2029-6/30/2030	145,899,000	150,814,400	146,314,000	76,243,650
7/1/2030-6/30/2031	145,975,400	151,401,400	146,126,300	72,173,220
7/1/2031-6/30/2032	145,804,900	151,609,200	145,870,200	68,552,620
7/1/2032-6/30/2033	146,610,500	152,817,400	146,347,700	66,492,460
7/1/2033-6/30/2034	147,063,700	153,714,900	146,235,300	63,868,540
7/1/2034-6/30/2035	147,052,000	154,170,200	145,544,600	61,036,360
7/1/2035-6/30/2036	148,121,400	155,762,100	145,578,600	59,432,010
7/1/2036-6/30/2037	148,818,800	156,818,200	144,976,500	58,403,730
7/1/2037-6/30/2038	149,142,700	157,438,300	142,964,600	56,280,730
7/1/2038-6/30/2039	148,783,400	157,251,500	138,506,500	53,472,540
7/1/2039-6/30/2040	147,751,300	156,387,200	126,933,800	49,603,680
7/1/2040-6/30/2041	146,117,900	154,951,900	102,908,700	45,240,730
7/1/2041-6/30/2042	144,123,000	153,030,800	94,580,460	40,084,390
7/1/2042-6/30/2043	141,441,200	150,079,800	87,415,590	34,570,820
7/1/2043-6/30/2044	138,332,700	146,688,400	80,097,490	28,719,260
7/1/2044-6/30/2045	134,405,800	142,704,400	73,287,100	21,467,330
7/1/2045-6/30/2046	129,901,500	137,805,600	65,788,220	13,561,250
7/1/2046-6/30/2047	124,854,700	132,094,000	58,136,530	4,799,475
7/1/2047-6/30/2048	119,224,600	125,313,800	50,086,920	(3,928,120)

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

1% Probability of Catastrophe



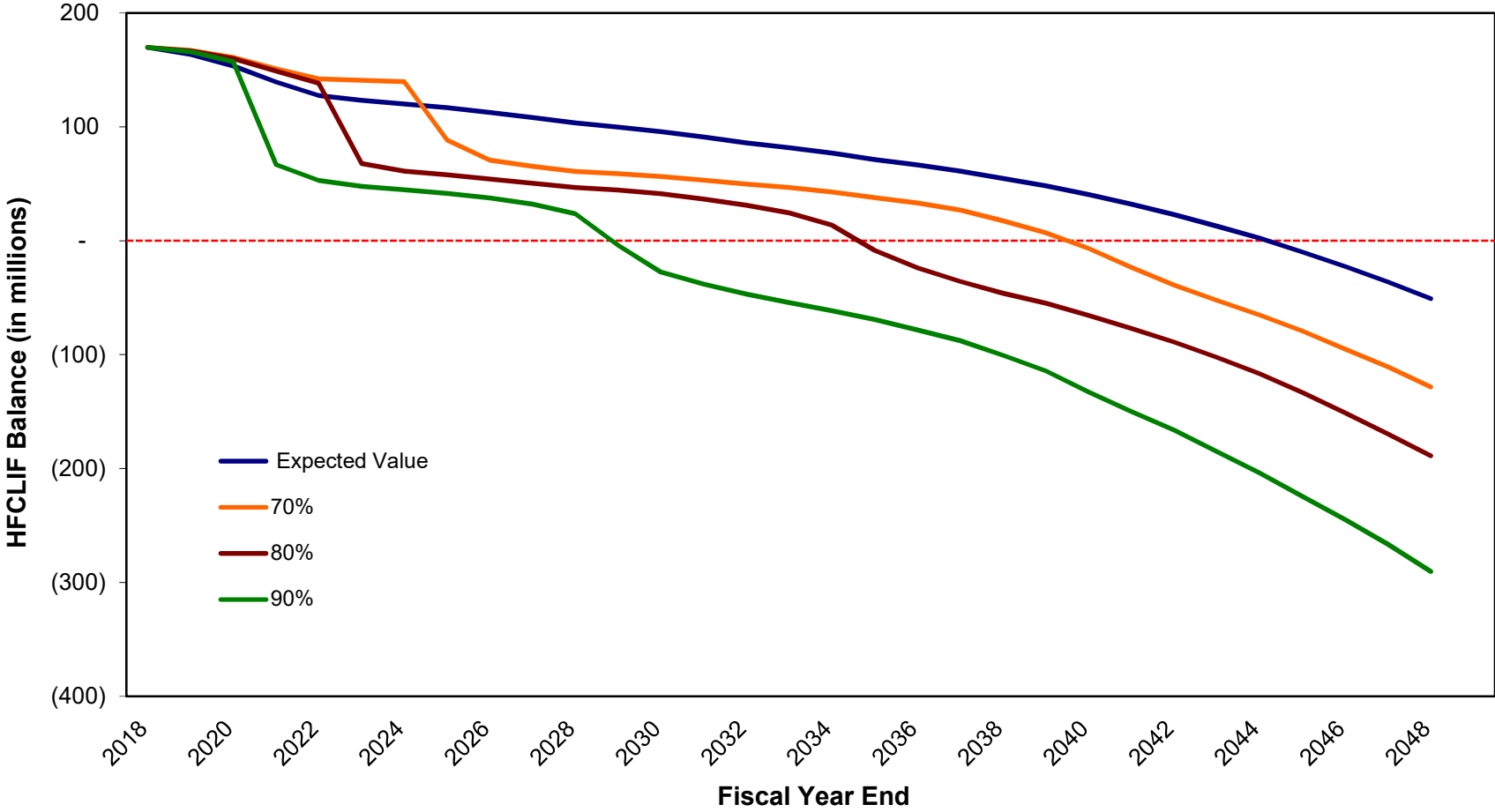
Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
5% Probability of Catastrophe

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2017-6/30/2018	169,757,738	169,757,738	169,757,738	169,757,738
7/1/2018-6/30/2019	163,620,500	167,043,100	166,534,000	165,944,100
7/1/2019-6/30/2020	153,415,200	160,947,000	159,946,600	157,109,600
7/1/2020-6/30/2021	139,322,000	150,671,000	148,798,200	66,857,390
7/1/2021-6/30/2022	127,488,700	142,161,600	138,141,900	52,850,540
7/1/2022-6/30/2023	123,257,200	140,809,700	67,924,160	47,779,820
7/1/2023-6/30/2024	120,112,900	139,653,000	61,084,790	44,670,080
7/1/2024-6/30/2025	116,784,400	88,341,830	57,865,100	41,426,720
7/1/2025-6/30/2026	112,707,800	70,872,180	54,164,760	37,577,420
7/1/2026-6/30/2027	108,056,700	65,208,480	50,537,900	32,232,920
7/1/2027-6/30/2028	103,361,900	60,945,500	46,787,980	23,628,600
7/1/2028-6/30/2029	99,764,560	58,849,210	44,599,020	(4,056,467)
7/1/2029-6/30/2030	95,792,400	56,336,300	41,272,420	(27,599,240)
7/1/2030-6/30/2031	91,123,940	53,188,800	36,588,980	(38,296,720)
7/1/2031-6/30/2032	85,949,540	49,737,500	31,157,380	(46,901,220)
7/1/2032-6/30/2033	81,783,890	46,772,460	24,542,070	(54,344,400)
7/1/2033-6/30/2034	76,916,140	42,839,860	13,541,860	(61,520,410)
7/1/2034-6/30/2035	71,321,150	37,813,120	(8,371,763)	(69,231,300)
7/1/2035-6/30/2036	66,492,560	33,206,070	(23,852,330)	(78,340,210)
7/1/2036-6/30/2037	61,118,640	26,920,270	(35,835,490)	(87,869,400)
7/1/2037-6/30/2038	54,711,460	17,485,990	(46,188,480)	(100,652,700)
7/1/2038-6/30/2039	48,123,520	6,782,462	(54,901,220)	(114,294,400)
7/1/2039-6/30/2040	40,643,060	(6,840,344)	(65,610,550)	(132,850,000)
7/1/2040-6/30/2041	32,032,610	(23,275,570)	(77,087,340)	(149,874,200)
7/1/2041-6/30/2042	23,013,080	(38,960,720)	(89,112,140)	(166,297,200)
7/1/2042-6/30/2043	12,779,090	(52,403,340)	(102,316,600)	(185,172,700)
7/1/2043-6/30/2044	2,093,135	(65,166,800)	(116,789,200)	(203,963,000)
7/1/2044-6/30/2045	(9,929,797)	(79,418,700)	(133,365,600)	(224,421,600)
7/1/2045-6/30/2046	(22,591,370)	(95,103,540)	(151,056,700)	(244,730,400)
7/1/2046-6/30/2047	(36,213,090)	(110,848,500)	(169,781,800)	(266,718,900)
7/1/2047-6/30/2048	(50,798,380)	(128,339,400)	(188,784,900)	(290,389,100)

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

5% Probability of Catastrophe



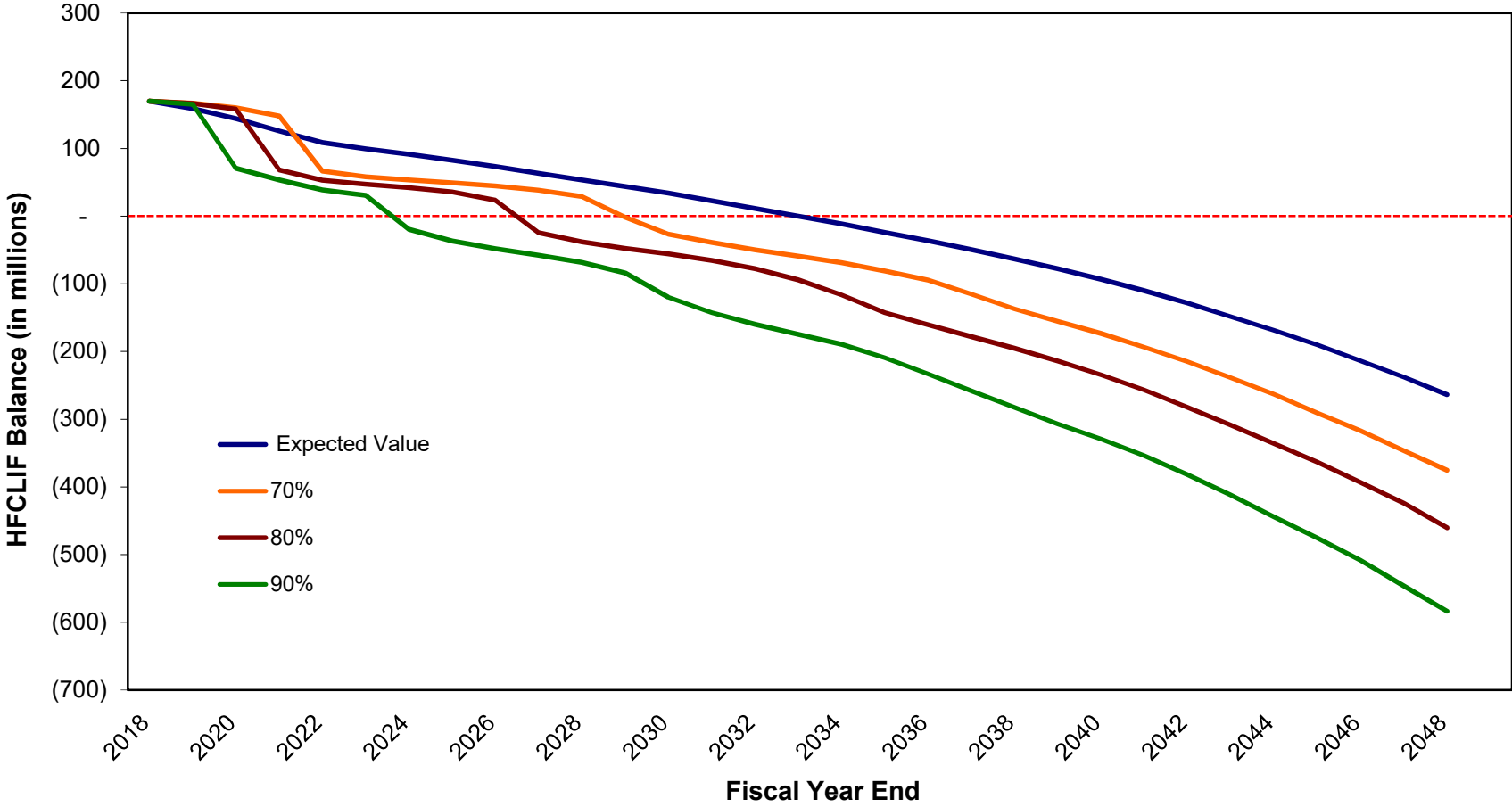
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2017-6/30/2018	169,757,738	169,757,738	169,757,738	169,757,738
7/1/2018-6/30/2019	159,025,000	166,814,200	166,283,000	164,981,300
7/1/2019-6/30/2020	144,205,100	160,135,600	157,818,700	70,857,200
7/1/2020-6/30/2021	125,363,900	147,828,000	68,020,610	53,491,070
7/1/2021-6/30/2022	108,739,900	66,413,850	53,120,650	38,795,180
7/1/2022-6/30/2023	99,465,570	58,308,380	47,320,280	30,645,050
7/1/2023-6/30/2024	91,378,770	53,623,720	42,050,630	(19,308,990)
7/1/2024-6/30/2025	82,732,190	49,439,160	35,956,660	(36,613,210)
7/1/2025-6/30/2026	73,360,500	44,547,770	23,418,120	(48,021,100)
7/1/2026-6/30/2027	63,268,390	38,445,900	(24,452,980)	(57,934,040)
7/1/2027-6/30/2028	53,299,660	29,091,460	(38,084,920)	(68,469,670)
7/1/2028-6/30/2029	43,776,400	(1,757,558)	(47,515,170)	(84,003,410)
7/1/2029-6/30/2030	33,876,060	(26,578,840)	(55,678,830)	(119,831,500)
7/1/2030-6/30/2031	22,819,800	(38,923,540)	(65,358,500)	(142,626,900)
7/1/2031-6/30/2032	11,128,850	(49,967,380)	(77,528,970)	(159,958,100)
7/1/2032-6/30/2033	2,440	(58,951,500)	(94,053,310)	(174,768,800)
7/1/2033-6/30/2034	(11,565,890)	(68,846,920)	(116,557,200)	(189,523,500)
7/1/2034-6/30/2035	(24,190,500)	(81,040,870)	(142,388,600)	(209,026,200)
7/1/2035-6/30/2036	(36,195,340)	(94,521,280)	(160,559,700)	(233,326,200)
7/1/2036-6/30/2037	(49,227,150)	(115,036,400)	(178,089,200)	(258,140,200)
7/1/2037-6/30/2038	(63,255,080)	(137,155,400)	(195,124,900)	(282,611,900)
7/1/2038-6/30/2039	(77,731,860)	(155,586,700)	(214,023,500)	(306,896,400)
7/1/2039-6/30/2040	(93,220,470)	(173,184,000)	(234,320,700)	(329,055,900)
7/1/2040-6/30/2041	(110,271,800)	(193,338,400)	(256,933,700)	(353,512,500)
7/1/2041-6/30/2042	(128,653,700)	(215,169,400)	(282,344,200)	(381,768,500)
7/1/2042-6/30/2043	(148,241,200)	(238,783,200)	(308,704,900)	(411,936,200)
7/1/2043-6/30/2044	(168,479,500)	(263,070,400)	(335,808,200)	(444,298,000)
7/1/2044-6/30/2045	(190,253,300)	(291,001,600)	(363,457,100)	(475,659,500)
7/1/2045-6/30/2046	(213,580,000)	(317,080,000)	(393,263,800)	(508,559,000)
7/1/2046-6/30/2047	(237,862,700)	(346,464,000)	(423,991,400)	(546,300,000)
7/1/2047-6/30/2048	(263,744,200)	(375,448,500)	(460,314,100)	(583,694,100)

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

10% Probability of Catastrophe



**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Parameters for Monte Carlo Simulation
Based on Data as of June 30, 2018**

	(1)	(2)	(3)
Issue Year	Hospitals Loan Balance Default Rate	Nursing Homes Loan Balance Default Rate	Selected Loan Balance Default Rate
1981	1.94%	37.09%	26.4%
1982	1.13%	40.17%	28.3%
1983	0.28%	54.32%	37.9%
1984	0.23%	40.39%	28.2%
1985	0.91%	26.26%	18.6%
1986	3.88%	24.40%	18.2%
1987	1.92%	13.44%	9.9%
1988	0.45%	8.57%	6.1%
1989	0.61%	4.76%	3.5%
1990	0.82%	9.77%	7.0%
1991	2.77%	2.23%	2.4%
1992	2.70%	5.22%	4.5%
1993	1.93%	9.04%	6.9%
1994	1.14%	11.41%	8.3%
1995	0.29%	14.60%	10.3%
1996	3.30%	10.33%	8.2%
1997	1.07%	9.03%	6.6%
1998	0.83%	9.28%	6.7%
1999	0.45%	8.50%	6.1%
2000	0.05%	5.74%	4.0%
2001	0.05%	6.11%	4.3%
2002	0.45%	3.78%	2.8%
2003	2.39%	3.38%	3.1%
2004	0.14%	6.66%	4.7%
2005	0.45%	1.64%	1.3%
2006	0.19%	3.57%	2.5%
2007	2.78%	4.90%	4.3%
2008	0.38%	6.84%	4.9%
2009	0.11%	15.65%	10.9%
2010	0.37%	17.09%	12.0%
2011	0.46%	10.08%	7.2%
2012	0.86%	13.57%	9.7%
2013	0.70%	10.43%	7.5%
2014	0.75%	10.01%	7.2%
2015	0.89%	17.17%	12.2%
2016	1.03%	13.44%	9.7%
2017	1.10%	11.75%	8.5%

	Current Split of Exposure (Current Principal Balance)	
(4)	Hospital:	30.4%
(5)	Nursing Home:	69.6%

Indicated CV (Coefficient of Variation):

1981 - 2017	0.852
1981 - 1999	0.802
1997 - 2007	0.415
2005 - 2017	0.463
1997 - 2017	0.488
Prior CV	0.610

Selected CV	0.570
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Notes:

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

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

**Parameters for Monte Carlo Simulation
Based on Data as of June 30, 2018**

		Distribution	Expected	Selected CV	Low	High
(1)	Default Rate	Truncated Lognormal	6.40%	57.00%	1.28%	32.00%
(2)	Loss Severity	Triangle	64.50%		30.00%	100.00%
(3)	Loss Severity - CAT	Triangle	75.00%		50.00%	100.00%
(4)	New Insured Loan	Uniform			Expected - \$50M	Expected + \$50M
(5)	Termination Rate	Triangle	7.00%		0.00%	15.00%
(6)	Investment Yield	Triangle			Expected - 2%	Expected + 2%

Notes:

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

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

**Ten Largest Borrowers Based on Original Insured Amount
Based on Data as of June 30, 2018**

Borrower Rank	Borrower	Original Insured Amount	Current Principal Balance
#1	ENLOE MEDICAL CENTER	242,645,000	207,650,000
#2	VIAMONTE SENIOR LIVING	187,230,000	187,230,000
#3	JEWISH HOME OF SAN FRANCISCO	135,920,000	135,920,000
#4	LOS ANGELES JEWISH HOME FOR THE AGING	251,105,000	112,280,000
#5	CHANNING HOUSE	98,165,000	97,880,000
#6	ODD FELLOWS HOME OF CALIFORNIA	98,550,000	82,905,000
#7	CASA DE LAS CAMPANAS	112,310,000	64,231,000
#8	CHINESE HOSPITAL	65,000,000	60,960,000
#9	NORTHERN CALIFORNIA PRESBYTERIAN HOMES & SERVICES	63,210,000	60,770,000
#10	MARSHALL MEDICAL CENTER	64,700,000	54,385,000
TOTALS		1,318,835,000	1,064,211,000

<i>Average</i>	<i>131,883,500</i>
<i>Average Excluding High & Low</i>	<i>125,565,000</i>
<i>Prior Selected Catastrophe Loss</i>	<i>115,000,000</i>
<i>Selected Catastrophe Loss</i>	120,000,000



Oliver Wyman
Four Embarcadero Center, Suite 1100
San Francisco, CA 94111
+1 415 743 7940