

JULY 10, 2014

**ACTUARIAL STUDY OF HEALTH FACILITY
CONSTRUCTION LOAN INSURANCE FUND
AS OF JUNE 30, 2012**

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 the 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 project 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, 2012, OSHPD insured 122 projects with an original amount insured totaling \$2,020,579,359.

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, \$172.92 million as of June 30, 2012, have been derived from the Program “earnings” over the past 35-plus years. Nonetheless, if the DOI standards were applied to the Program, the reserve requirement would total \$263.10 million as of June 30, 2012. Thus, under the DOI standards, there is a \$90.17 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 2041/42.

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Introduction and Scope

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 Program (HFCLIF). Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) has been asked by OSHPD, Cal-Mortgage Loan Insurance Division (Cal-Mortgage) to conduct an actuarial analysis of the HFCLIF and the Health Facility Construction Loan Insurance Program (Program). Specifically, Oliver Wyman's analysis provides the following:

- A determination of the reserve sufficiency for HFCLIF as of June 30, 2012. 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 Cal-Mortgage Program

The study was based on the Program's insured portfolio as of June 30, 2012 and additional information provided to Oliver Wyman through March 4, 2014.

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 3 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 the Office of Statewide Health Planning and Development (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.

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% [0.005] 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 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, 2012, OSHPD insured 122 projects with an original amount insured totaling \$2,020,579,359. Pursuant to 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. 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, 2012 was \$172,924,033

- HFCLIF annual net income (insurance premiums plus recoveries from previously defaulted projects, less default expenses and administrative expenses) for 2010/11 of \$4,123,082 and 2011/12 of negative \$253,799¹
- 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 credit rating of the Program, which is derived from the State's rating, was A- as of June 30, 2012, and was upgraded to A in January 2013.

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 \$172.92 million as of June 30, 2012 was analyzed against the California Division 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:

| | |
|---|-------------|
| Cal-Mortgage Minimum Capital and Surplus (\$ millions) | |
| Minimum Paid-In Capital | \$15 |
| Additional Minimum Surplus | \$60 |
| Total Required Capital and Surplus | \$75 |

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 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 \$105.62 million as shown in Section I, Exhibit 2. Section I, Exhibit 3 additionally displays the projected loss payments by fiscal year for the same currently defaulted projects.

- *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 are anticipated to default in fiscal year 2012/13. 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 \$8.55 million as of June 30, 2012 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 mentioned above, 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 \$12.60 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 \$13.72 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 we believe 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 \$72.81 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, 2012 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 | 2010 Study | | 2012 Study | |
| | Without Pipeline IBNR Reserve | With Pipeline IBNR Reserve | Without Pipeline IBNR Reserve | With Pipeline IBNR Reserve |
| Capital and Surplus | 75,000,000 | 75,000,000 | 75,000,000 | 75,000,000 |
| Case Reserve (Current Default) | 114,609,741 | 114,609,741 | 105,620,756 | 105,620,756 |
| Pipeline IBNR Reserve | N/A | 8,228,562 | N/A | 8,546,169 |
| Recoveries (Resolved Loans) | (11,411,436) | (11,411,436) | (12,601,291) | (12,601,291) |
| Contingency Reserve | 13,880,541 | 13,880,541 | 13,719,946 | 13,719,946 |
| Unearned Premium Reserve | 67,717,112 | 67,717,112 | 72,809,601 | 72,809,601 |
| Total | 259,795,958 | 268,024,519 | 254,549,012 | 263,095,180 |
| HFCLIF Balance | 189,745,143 | 189,745,143 | 172,924,033 | 172,924,033 |
| Reserve Shortfall | 70,050,815 | 78,279,376 | 81,624,979 | 90,171,147 |

As of June 30, 2012, the actual HFCLIF balance is \$172.92 million. Thus, under California Statutory standards, there is an \$81.62 million shortfall without considering pipeline IBNR reserves. Including the pipeline IBNR reserves increases the shortfall to \$90.17 million. It is at Cal-Mortgage's discretion to include such reserves.

Comparison to Prior Reserves

Total required reserves decreased by approximately \$4.93 million since the prior evaluation as of June 30, 2010. 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 | Oliver Wyman 2010 Study | Oliver Wyman 2012 Study | Change |
| Capital and Surplus | 75.00 | 75.00 | 0.00 |
| Case Reserve (net of recoveries) | 103.20 | 93.02 | (10.18) |
| Pipeline IBNR Reserve | 8.23 | 8.55 | 0.32 |
| Contingency Reserve | 13.88 | 13.72 | (0.16) |
| Unearned Premium Reserve | 67.72 | 72.81 | 5.09 |
| Total | 268.02 | 263.10 | (4.93) |
| HFCLIF Balance | 189.75 | 172.92 | (16.82) |
| Reserve Shortfall | 78.28 | 90.17 | 11.89 |

This decrease is predominantly due to the decrease in case reserves since the prior evaluation. Although two new projects have defaulted since the prior evaluation (Elder Care Alliance and Kern Valley Healthcare District), case reserves for the largest defaulted project, Sherman Oaks Health System, have decreased since June 30, 2010.

Somewhat offsetting this decrease in case reserves, the unearned premium reserve (UEPR) increased by \$5.09 million. The increase in UEPR is due to the addition of several new insured projects since the prior evaluation.

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 2005 through 2011 based on financial statements of active insured borrowers provided by Cal-Mortgage:

- Cash Flow Debt Service Ratio (Cash Flow Ratio)
- Total Income Debt Service Ratio (Total Income Ratio)

These ratios are defined as follows:

Cash Flow Ratio = (Net Income + Interest Expense + Depreciation + Amortization) / (Interest Paid + Current Portion of Long-term Debt + Capital Leases + Sinking Fund Payments)

The cash flow 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 Ratio = (Net Income + Interest Expense) / (Interest Paid + Current Portion of Long-term Debt + Capital Leases + Sinking Fund Payments)

The total income 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 1.0 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 1.0, the borrower has not demonstrated the ability to meet its debt service obligations from the current year's operations. A debt service ratio of 1.2 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 2005 through 2011 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 - Multilevel 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 remained relatively unchanged since the prior report.

The weighted average debt service ratios for Hospitals and Multilevels are considerably lower for 2010 and 2011 than they were in historical years.

Weighted average debt service ratios are also lower for Clinics in 2010 and 2011 than in prior years.

Skilled Nursing Facilities, on the other hand, have higher weighted average debt service ratios for 2010 and 2011 compared with prior years. There are currently only two facilities (with three

total projects) in the SNF category; only one of which was also on the list of current insured borrowers in the prior analysis as of June 30, 2010.

The percentage of borrowers with total debt service ratios below 1.0 (Section II, Exhibit 1, Pages 3 and 4) has decreased in 2011. In total, 17% of facilities had a cash flow debt service ratio below 1.0 in 2011, compared with 22% the prior year. The decrease is less noticeable for the income debt service ratios, where in total the percent of facilities below 1.0 declined from 47% in 2010 to 46% in 2011.

In summary, although the weighted average debt service ratios have generally declined since the prior evaluations, fewer facilities have debt service ratios below 1.0.

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 2041/42, with an ending balance of \$107.06 million. This represents a substantial decrease in ending balance as compared to the 2010 study, which projected a balance of \$198.60 million through fiscal year 2039/40. Table 3 below provides a comparison of assumptions between the 2010 and 2012 reports. Additionally, the following contribute to the change:

- \$16.82 million decrease of the cash balance at June 30, 2012
- \$6.40 million decrease in expected premium income from up-front premium loans
- \$19.91 million decrease in expected payments on current defaults over the next 30 years
- The negative impact on investment income due to the above items

Table 3
Assumptions

| Item | OW 2010 Study | OW 2012 Study |
|---|------------------|------------------|
| Average Investment Yield | 4.16% | 3.80% |
| Premium Rate | 2.56% | 2.60% |
| C&I Fee as % of Loan Principal | 0.40% | 0.40% |
| Projected Default Rate | 6.50% | 6.25% |
| Estimated Claim Severity | 60.00% | 62.00% |
| Estimated Payment Pattern (Paid Within) | 7 years | 10 years |
| Administrative Expenses | 4,673,140 | 4,856,646 |
| Trend on Administrative Expenses | 4.00% | 4.00% |

Although the decrease in initial fund balance since the prior study contributed to this significant decrease in the ending fund balance, the primary driver of this decrease is the change in the interest rate curve assumed. Specifically, with knowledge of recent interest rate conditions, the interest rate curve is substantially lower than that used in the prior study, particularly in the first few years. The impact of changing the interest rate curve to more accurately reflect current economic conditions is a decrease in the ending fund balance of approximately \$65.57 million.

Although the study indicates that the expected fund balance will not be depleted until sometime after 2041/42, the expected net cash flow is negative through 2021/22, at which point it will be positive through 2037/38.

In Oliver Wyman's analysis, industry data was used to predict future Cal-Mortgage experience. The use of external data adds to the variability associated with the projections. To measure the variability associated with 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 HFCLIF's expected financial position under each of the modeled scenarios:

Table 4

| Scenario | Description | Positive Balance Until |
|-----------------|---|-------------------------|
| Expected | New Loans Insured - 6.25% Default Rate | at least 2041/42 |
| Run-Off | No New Loans Insured - 6.25% Default Rate | 2021/22 |
| Adverse | New Loans Insured - 8.0% Default Rate | 2039/40 |
| Adverse | New Loans Insured - 10.0% Default Rate | 2030/31 |

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 Thomson Reuters 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. The first segment, countrywide hospitals experience (Section III, Exhibit 2, Page 2), indicates a 1.25% ultimate default rate. The second segment, countrywide nursing home experience (Section III, Exhibit 2, Page 5), indicates an 11.5% 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 6.25% (Section III, Exhibit 2, Page 1). The selected ultimate default rates for hospitals and nursing homes from the prior actuarial study were 1.2% and 12.0%, respectively; and the combined selected ultimate default rate was 6.5%.

With respect to Cal-Mortgage insureds, Hospitals include the following types of facilities: ADC-DD, ADHC, BB, CDC: DD, CDRF, CLINIC: MULTI, CLINIC-AIDS, CLINIC-MH, CLINIC-PC, HOSP, HOSP-DIST. Nursing Homes include: GH-DD, GH-DD/MD, GH-MD, HOSPICE, MULTI-CCRC, MULTI-OTH, ICF-DD, SNF.

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 62.0% for Cal-Mortgage as shown in Section III, Exhibit 3. The selected severity is slightly higher than the selected severity in the prior analysis, which was 60.0%. 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 countywide 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 annual premium will be terminated earlier than expected, and not renewed in the Program. In such cases, 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 7.8% for 2012/13 and 2013/14, followed by 5.8% for 2014/15 and subsequent, as shown in Section III, Exhibit 5.

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

Premium for Cal-Mortgage insured loans is set pursuant to statute (Health & Safety Code §129040) and regulation (22 CCR §91477). Prior to January 2001, 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 premium written on loans in-force as of January 1, 2001 and premium written on future loans.

Premium written on loans in-force issued before January 1, 2001 is 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%.

There is no premium income for in-force policies written between January 1, 2001 and June 30, 2012 since one-time premiums were paid at the issuance of each loan.

Premium for insured loans issued subsequent to June 30, 2012 is 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 discussions with Cal-Mortgage.

The standard premium rate is 300 basis points (i.e., 3.00%) times total debt service. However, borrowers with a CCC or higher rating 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 35.0% of the total future portfolio while non-investment grade loans are expected to comprise the remaining 65.0%. The resulting weighted average premium rate is 260 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 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 2012/13 administrative expenses of \$4.86 million, and an assumed increase in expenses of 4.0% 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, average 3.80%. Oliver Wyman used a Makridakis type approach to forecast future investment yields. The method extracts trend, cycle, and error to make the estimates variable over the forecast period (Section III, Exhibit 1, Page 1).

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 on the following page 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 2041/42. Note that the size of the original loan amount for a catastrophic claim is assumed to be \$110.0 million.

Table 5

| Cal-Mortgage Year of Fund Balance Depletion ¹ | | | | |
|--|--------------------------------------|-------------------------|----------------|----------------|
| Confidence Level | Probability of Catastrophic Scenario | | | |
| | 0% | 1% | 5% | 10% |
| Expected | at least 2041/42 | at least 2041/42 | 2031/32 | 2022/23 |
| 70% | at least 2041/42 | at least 2041/42 | 2025/26 | 2020/21 |
| 80% | at least 2041/42 | 2039/40 | 2021/22 | 2019/20 |
| 90% | at least 2041/42 | 2030/31 | 2020/21 | 2017/18 |

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

Table 6

| Cal-Mortgage Fiscal Year 2041/42 Ending Fund Balance | | | | |
|--|--------------------------------------|-------------------|----------------------|----------------------|
| Confidence Level | Probability of Catastrophic Scenario | | | |
| | 0% | 1% | 5% | 10% |
| Expected | 117,497,800 | 67,030,720 | (135,902,800) | (388,608,800) |
| 70% | 78,693,440 | 23,443,550 | (235,883,000) | (526,647,900) |
| 80% | 51,686,400 | (25,858,680) | (319,661,700) | (635,583,500) |
| 90% | 11,626,600 | (105,316,400) | (448,951,400) | (795,203,100) |

For each catastrophic scenario, the mean year-end fund balance is forecasted for fiscal years 2012/13 through 2041/42 (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 confidence levels. Confidence 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 2020/21. 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 2017/18. 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 6.25%. A coefficient of variation of 70.0% 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 25.0% and 400.0% of the selected ultimate default rate.

Claim Severity

The claim severity was modeled as a triangle distribution with a minimum of 20.0% 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 1.0% and a maximum of 10.6%.

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 8.00%.

Catastrophe 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 \$110.0 million. The claim severity of catastrophic loss is modeled by a triangle distribution with a minimum of 50.0% of OLB, an expected of 75.0% of OLB, and a maximum of 100.0% 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 2012
- Monthly Activity Report – June 30, 2012
- Detail 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 6/30/2012
- 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 6/30/2012
- 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 Fund
- 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 & inspection fees

- Financial statements for each insured for two fiscal years ending during calendar years 2010 and 2011

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 1999 to 2012 for nursing homes and hospitals prepared by Thomson Reuters

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Distribution and Use

This report was prepared for the use of Cal-Mortgage for the purpose of determining its financial statement liabilities. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of Cal-Mortgage.

Oliver Wyman's consent to any distribution of this report (whether herein or in the written agreement pursuant to which this report has been issued) to parties other than Cal-Mortgage does not constitute advice by Oliver Wyman to any such third parties and shall be solely for informational purposes and not for purposes of reliance by any such third 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.

7

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.

For the analysis, Oliver Wyman relied on data and information provided without independent audit. Although Oliver Wyman reviewed the data for reasonableness and consistency, we have not audited or otherwise verified the data. It should also be noted that Oliver Wyman's review of data may not always reveal imperfections. We have assumed that the data provided is both accurate and complete. The results of the analysis are dependent on this assumption. If this data or information is inaccurate or incomplete, our findings and conclusions may need to be revised.

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 external information, as we deemed appropriate. Although we believe these external sources may be more predictive of future experience than any other data of which we are aware, the use of external data adds to the uncertainty associated with the projections.

The scope of the project does not include the estimation of any costs other than those described herein. Such ancillary costs may include the costs of trustee, legal, administrative, risk management, and actuarial services.

Additional uncertainty is introduced with discounting of reserves. In addition to the risk of underestimating or overestimating the overall amount of the nominal reserves, there is the additional risk that the timing of the future payment of those liabilities will differ from the expected payout, or that the future actual rate will differ from the assumed rate used for determining present value factors. Actual payments could occur materially more or less rapidly

than projected, due to random variations. No specific provision has been included for this additional risk.

The conclusions are based on an analysis of Cal-Mortgage's data and on the estimation of the outcome of many contingent events. Future costs were developed from historical claim experience and covered exposures, with adjustments for anticipated changes. The estimates make no provision for extraordinary future emergence of new classes of losses or types of losses not sufficiently represented in historical databases or which are not yet quantifiable.

The sources of uncertainty affecting the estimates are numerous and include factors internal and external to Cal-Mortgage. Internal factors include changes in the mix of exposures as well as changes in underwriting practices. Significant external influences include changes in the legal, social, or regulatory environment. Uncontrollable factors such as general economic conditions also contribute to the variability.

Perhaps the factors contributing most to the variability in this study are the relatively small number of expected claims each year and the lack of a large body of historical data. As a result, the analysis relied on reporting and payment patterns obtained wholly or partially from industry sources. Although these industry data provide insight into projecting future Cal-Mortgage experience, the use of external data adds to the variability associated with the estimates.

This actuarial analysis involves various assumptions related to future contingent events. Actuarial standards of practice require disclosure of situations in which reasonable alternative assumptions would result in estimates which are materially different from those presented in this analysis. While Oliver Wyman believes that the assumptions selected in this analysis are reasonable for this situation, reasonable alternative assumptions may produce estimates that are materially different from the estimates presented in this analysis. Such assumptions include, but are not limited to: default rates, investment yields, termination rates, claim severities, catastrophic losses, and payment patterns. This is particularly true with respect to the Cal-Mortgage Loan Insurance Program, where the low frequency/high severity nature of this coverage implies greater volatility of possible outcomes.

The models may retain more digits than those displayed. In addition, the results of certain calculations may be presented in the exhibits with more or less digits than would be considered significant. As a result, it should be recognized that (i) there may be rounding differences

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

Oliver Wyman has not examined, nor do we express any opinion regarding, the assets, if any, that are used to provide for the payment obligations associated with the estimates of unpaid costs presented in this report.

While this analysis complies with applicable Actuarial Standards of Practice and Statements of Principles, users of this analysis should recognize that the projections involve estimates of future events, and are subject to economic and statistical variations from expected values. Oliver Wyman has not anticipated any extraordinary changes to the legal, social, or economic environment that might affect the frequency or severity of claims. For these reasons, no assurance can be given that the emergence of actual losses will correspond to the projections in this analysis.

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Acknowledgment of Qualifications

The undersigned actuary is an Associate of the Casualty Actuarial Society (ACAS) and Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to provide the actuarial analysis contained herein.

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Legend

| | | |
|-----------------|---|---|
| ADC: DD | - | Adult Day Care: Developmentally Disabled |
| ADHC | - | Adult Day Health Care |
| BC | - | Birth Center |
| BB | - | Blood Banks |
| CDRF | - | Chemical Dependency Recovery Facility |
| CDC: DD | - | Child Day Care: Developmentally Disabled |
| Clinic: AIDS | - | Clinic: A.I.D.S. |
| Clinic: D | - | Clinic: Dialysis |
| Clinic: MH | - | Clinic: Mental Health |
| Clinic: Multi | - | Clinic: Multi-Specialty and Diagnostic Services |
| Clinic: PC | - | Clinic: Primary Care |
| GH: DD | - | Group Home: Developmentally Disabled |
| GH: DD & MD/ED | - | Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed |
| GH: MD/ED | - | Group Home: Mentally Disabled or Emotionally Disturbed |
| Hospice | - | Hospice |
| Hosp: CDR | - | Hospital: Chemical Dependency Recovery |
| Hosp: Dist | - | Hospital: District |
| Hosp: GAC | - | Hospital: General Acute Care |
| Hosp: PSY | - | Hospital: Psychiatric |
| ICF | - | Intermediate Care Facility |
| ICF: DD | - | Intermediate Care Facility: Developmentally Disabled |
| Multi: CCRC | - | Multi-level Facility: CCRC |
| Multi: Other | - | Multi-level Facility: Other (Month-to-Month) |
| O&TB | - | Organ & Tissue Bank |
| School Sp Needs | - | School for Special Needs |
| SNF | - | Skilled Nursing Facility: Stand Alone |

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

**Summary of California Statutory Requirements
As of June 30, 2012**

| 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) | 105,620,756 | 105,620,756 |
| (3) Pipeline IBNR Reserve | N/A | 8,546,169 |
| (4) Recoveries (Resolved Loans) | (12,601,291) | (12,601,291) |
| (5) Contingency Reserve | 13,719,946 | 13,719,946 |
| (6) Unearned Premium Reserve | 72,809,601 | 72,809,601 |
| (7) Total | 254,549,012 | 263,095,180 |

Notes:

- (1) Minimum capital and surplus requirement according to California Statutory Insurance Code Section 12107
- (2) From Section I, Exhibit 2, Column (7) - Total defaulted as of 6/30/12
- (3) From Section I, Exhibit 2, Column (7) - Pipeline defaulted after 6/30/12
- (4) From Section I, Exhibit 4, Column (9)
- (5) From Section I, Exhibit 6, Row (3)
- (6) From Section I, Exhibit 7, Row (6)
- (7) Sum of Rows (1) through (6)

**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, 2012**

| Loan ID | Borrower | Date of Default | Original Loan Balance | Loan Balance @Default | Current Loan Principal Balances | Estimated Discounted Case Reserve |
|--------------------------------|---------------------------------|------------------------|-----------------------|-----------------------|---------------------------------|-----------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 0720, 0829 | Apple Valley Care Center | 05/27/04 | 9,525,000 | 9,075,000 | 468,852 | 46,885 |
| 0789 | Elder Care Alliance | 10/26/11 | 15,685,000 | 14,485,000 | 15,024,128 | 0 |
| 0695 | Sherman Oaks Health System | 07/26/95 | 182,230,000 | 182,230,000 | 90,600,000 | 101,961,134 |
| 0764, 0830 | Kern Valley Healthcare District | 6/23/2010, 7/1/2011 | 19,270,000 | 14,450,945 | 14,450,945 | 3,612,737 |
| ** | Other Borrowers | Potential | 107,710,000 | | 85,461,687 | 8,546,169 |
| Total | | | | | 206,005,612 | 114,166,925 |
| Total Defaulted as of 6/30/12 | | | 226,710,000 | 220,240,945 | 120,543,925 | 105,620,756 |
| Pipeline Default After 6/30/12 | | | | | 85,461,687 | 8,546,169 |

Notes:

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

** HFCLIF payments expected for other borrowers

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

**Projected Principal and Interest Payment for Defaulted Loans
Nominal (Excluding Pipeline)
As of June 30, 2012**

| Year | Sherman Oaks Health System | Kern Valley Healthcare District | Total |
|-----------------------------|-------------------------------|------------------------------------|--------------------|
| 7/1/2012-6/30/2013 | 11,900,891 | 777,630 | 12,678,522 |
| 7/1/2013-6/30/2014 | 11,872,238 | 777,630 | 12,649,868 |
| 7/1/2014-6/30/2015 | 11,861,138 | 777,630 | 12,638,768 |
| 7/1/2015-6/30/2016 | 11,845,838 | 777,630 | 12,623,468 |
| 7/1/2016-6/30/2017 | 11,857,875 | 777,630 | 12,635,505 |
| 7/1/2017-6/30/2018 | 11,848,125 | 0 | 11,848,125 |
| 7/1/2018-6/30/2019 | 11,834,875 | 0 | 11,834,875 |
| 7/1/2019-6/30/2020 | 11,822,000 | 0 | 11,822,000 |
| 7/1/2020-6/30/2021 | 11,808,250 | 0 | 11,808,250 |
| 7/1/2021-6/30/2022 | 7,989,875 | 0 | 7,989,875 |
| 7/1/2022-6/30/2023 | 0 | 0 | 0 |
| 7/1/2023-6/30/2024 | 0 | 0 | 0 |
| 7/1/2024-6/30/2025 | 0 | 0 | 0 |
| 7/1/2025-6/30/2026 | 0 | 0 | 0 |
| 7/1/2026-6/30/2027 | 0 | 0 | 0 |
| 7/1/2027-6/30/2028 | 0 | 0 | 0 |
| 7/1/2028-6/30/2029 | 0 | 0 | 0 |
| 7/1/2029-6/30/2030 | 0 | 0 | 0 |
| 7/1/2030-6/30/2031 | 0 | 0 | 0 |
| 7/1/2031-6/30/2032 | 0 | 0 | 0 |
| 7/1/2032-6/30/2033 | 0 | 0 | 0 |
| 7/1/2033-6/30/2034 | 0 | 0 | 0 |
| 7/1/2034-6/30/2035 | 0 | 0 | 0 |
| 7/1/2035-6/30/2036 | 0 | 0 | 0 |
| 7/1/2036-6/30/2037 | 0 | 0 | 0 |
| 7/1/2037-6/30/2038 | 0 | 0 | 0 |
| 7/1/2038-6/30/2039 | 0 | 0 | 0 |
| 7/1/2039-6/30/2040 | 0 | 0 | 0 |
| 7/1/2040-6/30/2041 | 0 | 0 | 0 |
| 7/1/2041-6/30/2042 | 0 | 0 | 0 |
| Total (Undiscounted) | 114,641,104 | 3,888,152 | 118,529,255 |

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

**Summary of Resolved Loans
As of June 30, 2012**

| Loan ID (1) | Borrower (2) | Original Loan Balance (3) | Date of Loan Default (4) | Loan Balance @Default (5) | Total Net Payment From HFCLIF (6) | Date Resolved (7) | Estimated Recoveries or Future Income (8) | Estimated Discounted Recovery (9) |
|------------------|---------------------------------|------------------------------------|-----------------------------------|------------------------------------|--|-------------------------|--|--|
| 0446, 0846 | Hernandad Mexicana Nacional | 4,585,000 | 12/29/98 | 4,095,000 | 4,663,429 | 09/09/10 | 1,385,100 | 1,105,526 |
| 0738, 0739, 0748 | Los Medanos HealthCare District | 11,080,000 | 08/28/95 | 9,161,896 | 2,102,671 | 06/18/07 | 1,500,000 | 1,332,717 |
| 0862,0867 | Verdugo Mental Health | 6,315,000 | 12/09/10 | 5,220,000 | 5,782,500 | 05/13/11 | 7,826,373 | 5,333,333 |
| 0742 | Health Care Delivery Services | 9,930,000 | 02/26/96 | 4,192,984 | 6,000,047 | 09/01/06 | 6,473,018 | 4,829,715 |
| Total | | 31,910,000 | | | 18,548,647 | | 17,184,491 | 12,601,291 |

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
As of June 30, 2012**

| Year | Hernandez Mexicana Nacional | Los Medanos HealthCare District | Verdugo Mental Health | Health Care Delivery Services | Total |
|--------------------|-----------------------------------|---------------------------------------|--------------------------|----------------------------------|-------------------|
| 7/1/2012-6/30/2013 | 72,900 | 100,000 | 100,000 | 258,921 | 531,821 |
| 7/1/2013-6/30/2014 | 72,900 | 100,000 | 137,500 | 258,921 | 569,321 |
| 7/1/2014-6/30/2015 | 72,900 | 100,000 | 252,962 | 258,921 | 684,783 |
| 7/1/2015-6/30/2016 | 72,900 | 100,000 | 252,962 | 258,921 | 684,783 |
| 7/1/2016-6/30/2017 | 72,900 | 100,000 | 252,962 | 258,921 | 684,783 |
| 7/1/2017-6/30/2018 | 72,900 | 500,000 | 252,962 | 258,921 | 1,084,783 |
| 7/1/2018-6/30/2019 | 72,900 | 500,000 | 252,962 | 258,921 | 1,084,783 |
| 7/1/2019-6/30/2020 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2020-6/30/2021 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2021-6/30/2022 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2022-6/30/2023 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2023-6/30/2024 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2024-6/30/2025 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2025-6/30/2026 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2026-6/30/2027 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2027-6/30/2028 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2028-6/30/2029 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2029-6/30/2030 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2030-6/30/2031 | 72,900 | | 252,962 | 258,921 | 584,783 |
| 7/1/2031-6/30/2032 | | | 252,962 | 258,921 | 511,883 |
| 7/1/2032-6/30/2033 | | | 252,962 | 258,921 | 511,883 |
| 7/1/2033-6/30/2034 | | | 252,962 | 258,921 | 511,883 |
| 7/1/2034-6/30/2035 | | | 252,962 | 258,921 | 511,883 |
| 7/1/2035-6/30/2036 | | | 252,962 | 258,921 | 511,883 |
| 7/1/2036-6/30/2037 | | | 252,962 | 258,921 | 511,883 |
| 7/1/2037-6/30/2038 | | | 252,962 | | 252,962 |
| 7/1/2038-6/30/2039 | | | 252,962 | | 252,962 |
| 7/1/2039-6/30/2040 | | | 252,962 | | 252,962 |
| 7/1/2040-6/30/2041 | | | 252,962 | | 252,962 |
| 7/1/2041-6/30/2042 | | | 252,962 | | 252,962 |
| 7/1/2042-6/30/2043 | | | 252,962 | | 252,962 |
| 7/1/2043-6/30/2044 | | | 252,962 | | 252,962 |
| Total | 1,385,100 | 1,500,000 | 7,826,373 | 6,473,018 | 17,184,491 |
| Discounted at 2.5% | 1,105,526 | 1,332,717 | 5,333,333 | 4,829,715 | 12,601,291 |

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

**Contingency Reserves Calculation
As of June 30, 2012**

| | |
|--------------------------------------|---------------|
| (1) Principal outstanding | 1,714,993,295 |
| (2) Contingency Factor | 0.80% |
| (3) Contingency Reserves Requirement | 13,719,946 |

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
As of June 30, 2012**

| Month | Annual Premium (1) | Unearned Premium Reserve Factor (2) | Unearned Premium Reserves (3) |
|-------------------------------------|--------------------------|--|--|
| Jul-11 | 23,475 | 0.0417 | 978 |
| Aug-11 | 37,647 | 0.1250 | 4,706 |
| Sep-11 | 29,394 | 0.2083 | 6,124 |
| Oct-11 | 218,949 | 0.2917 | 63,860 |
| Nov-11 | 11,403 | 0.3750 | 4,276 |
| Dec-11 | 92,284 | 0.4583 | 42,297 |
| Jan-12 | 85,561 | 0.5417 | 46,346 |
| Feb-12 | 12,437 | 0.6250 | 7,773 |
| Mar-12 | 26,349 | 0.7083 | 18,664 |
| Apr-12 | 37,937 | 0.7917 | 30,033 |
| May-12 | 128,647 | 0.8750 | 112,566 |
| Jun-12 | 122,915 | 0.9583 | 117,793 |
| <hr/> | | | |
| (4) Subtotal (Annual Premium) | 826,997 | | 455,416 |
| (5) Subtotal (One-time Premium) | | | 72,354,185 |
| (6) Total Unearned Premium Reserves | | | 72,809,601 |

Notes:

- (1) Provided by Cal-Mortgage
- (2) Based on monthly pro-rata basis as required by California Insurance Code 12110
- (3) = (1) x (2)
- (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
As of June 30, 2012

| Project Number | Borrower Name | Project Name | Facility Group | LOC Term | Date Loan Insured | Original Insured Amount | Current Principal Balance | Total Premium | Unearned Premium |
|----------------|--|--|----------------|----------|-------------------|-------------------------|---------------------------|----------------|------------------|
| (1) | (2) | (3) | (4) | | (5) | (6) | (7) | (8) | (9) |
| 0715 | THE EPISCOPAL HOME COMMUNITIES | EPISCOPAL HOMES - AMBAC | MULTI | | 26-Feb-2002 | 90,000,000 | 75,000,000 | 3,457,450 | 2,881,208 |
| 0728 | DESERT AIDS PROJECT, INC. | DESERT AIDS PROJECT, INC. | CLINIC | | 26-Apr-2001 | 3,570,000 | 2,490,000 | 191,714 | 133,716 |
| 0761 | EL CENTRO REGIONAL MEDICAL CENTER | EL CENTRO REGIONAL MEDICAL CENTER | HOSP | | 26-Apr-2001 | 39,300,000 | 28,871,000 | 1,949,764 | 1,432,357 |
| 0763 | HENRY MAYO NEWHALL MEMORIAL HOSPITAL | HENRY MAYO NEWHALL MEMORIAL HOSPITAL | HOSP | | 21-Feb-2001 | 54,895,000 | 44,275,000 | 3,239,642 | 2,612,900 |
| 0764 | KERN VALLEY HEALTHCARE DISTRICT | KERN VALLEY HEALTHCARE DISTRICT - L O C | HOSP | 1 | 30-May-1999 | 1,500,000 | 875,521 | 0 | 6,075 |
| 0769 | SAN FERNANDO COMMUNITY HOSPITAL- MISSION COMMUNITY | SAN FERNANDO COMMUNITY HOSPITAL - MISSION COMMUNITY | HOSP | | 11-Dec-2001 | 35,445,000 | 26,590,000 | 177,272 | 132,985 |
| 0771 | SOCIAL MODEL RECOVERY SYSTEMS, INC. | SOCIAL MODEL RECOVERY SYSTEMS, INC. | OTHER | | 27-Jun-2001 | 1,890,000 | 1,310,000 | 75,600 | 52,400 |
| 0774 | ODD FELLOWS HOME OF CALIFORNIA | SARATOGA RETIREMENT COMMUNITY | MULTI | | 07-Jan-2003 | 80,000,000 | 70,220,000 | 4,919,296 | 4,317,886 |
| 0775 | SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAM | SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAMS, INC. | OTHER | | 30-May-2001 | 1,780,000 | 1,245,000 | 96,743 | 67,665 |
| 0776 | CORCORAN DISTRICT HOSPITAL | CORCORAN DISTRICT HOSPITAL - L O C | HOSP | 1 | 01-Aug-2001 | 800,000 | 303,376 | 5,760 | 0 |
| 0777 | PROTOTYPES | PROTOTYPES | OTHER | | 27-Jun-2001 | 4,195,000 | 2,405,000 | 228,529 | 131,016 |
| 0784 | INSTITUTE ON AGING | INSTITUTE ON AGING | MULTI | | 28-Aug-2008 | 41,405,000 | 41,230,000 | 2,614,628 | 2,603,577 |
| 0787 | SANSUM CLINIC | SANSUM CLINIC | CLINIC | | 01-May-2002 | 32,600,000 | 23,550,000 | 1,623,356 | 1,172,701 |
| 0788 | LOS ANGELES JEWISH HOME FOR THE AGING | LOS ANGELES JEWISH HOME FOR THE AGING | MULTI | | 17-Dec-2003 | 80,000,000 | 71,610,000 | 4,967,505 | 4,446,538 |
| 0789 | ELDER CARE ALLIANCE OF UNION CITY | ELDER CARE ALLIANCE OF UNION CITY | MULTI | | 08-Jun-2004 | 15,685,000 | 14,485,000 | 993,960 | 917,916 |
| 0796 | ALDERSLY, INC. | ALDERSLY, INC. | MULTI | | 26-Sep-2002 | 7,125,000 | 5,800,000 | 382,597 | 311,447 |
| 0798 | HOPE SERVICES | HOPE SERVICES | OTHER | | 11-Jun-2002 | 5,845,000 | 3,465,000 | 270,566 | 160,395 |
| 0802 | CLARE FOUNDATION, INC. | CLARE FOUNDATION, INC. | OTHER | | 29-Apr-2003 | 1,750,000 | 1,125,000 | 78,958 | 50,759 |
| 0804 | NORTH COUNTY SERENITY HOUSE | NORTH COUNTY SERENITY HOUSE | OTHER | | 28-Jan-2003 | 5,795,000 | 4,400,000 | 314,395 | 238,712 |
| 0809 | BECOMING INDEPENDENT | BECOMING INDEPENDENT - Radian | OTHER | | 21-Jan-2004 | 5,000,000 | 4,070,000 | 265,819 | 216,377 |
| 0810 | NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY | NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY | MULTI | | 19-Dec-2002 | 49,755,000 | 36,360,000 | 1,626,752 | 1,188,799 |
| 0815 | PRINCIPLES, INC. | PRINCIPLES, INC. | OTHER | | 29-Apr-2003 | 2,040,000 | 1,310,000 | 92,054 | 59,113 |
| 0821 | WEST OAKLAND HEALTH COUNCIL, INC. | WEST OAKLAND HEALTH COUNCIL, INC. | CLINIC | | 21-Jul-2003 | 2,225,000 | 1,330,000 | 85,442 | 61,073 |
| 0824 | DEL NORTE CLINICS, INC. - AMPLA HEALTH | DEL NORTE CLINICS, INC. - AMPLA HEALTH - RADIAN | CLINIC | | 23-Dec-2003 | 8,795,000 | 6,845,000 | 45,610 | 35,498 |
| 0825 | NATIVE AMERICAN HEALTH CENTER, INC. | NATIVE AMERICAN HEALTH CENTER | CLINIC | | 07-Jun-2007 | 7,829,359 | 7,829,359 | 475,284 | 475,284 |
| 0826 | MOMENTUM FOR MENTAL HEALTH | MOMENTUM FOR MENTAL HEALTH - AMBAC | OTHER | | 13-Nov-2003 | 10,500,000 | 6,490,000 | 462,698 | 295,991 |
| 0830 | KERN VALLEY HEALTHCARE DISTRICT | KERN VALLEY HEALTHCARE DISTRICT | HOSP | | 17-Feb-2001 | 17,770,000 | 11,850,000 | 821,553 | 547,656 |
| 0836 | ADVENT GROUP MINISTRIES, INC. | ADVENT GROUP MINISTRIES, INC. - Insured HELP II Loan | OTHER | | 27-Jan-2005 | 400,000 | 229,039 | 14,917 | 8,541 |
| 0843 | MAYERS MEMORIAL HOSPITAL DISTRICT | MAYERS MEMORIAL HOSPITAL DISTRICT | HOSP | | 28-Mar-2007 | 6,005,000 | 3,265,000 | 222,532 | 120,994 |
| 0851 | WALDEN HOUSE, INC. | HAIGHT ASHBURY FREE CLINICS - WALDEN HOUSE | OTHER | | 30-Dec-2004 | 7,475,000 | 4,930,000 | 316,354 | 208,646 |
| 0855 | SOUTHERN LUTHERAN HOME | SOUTHERN LUTHERAN HOME F G I C | MULTI | | 02-Dec-2004 | 6,415,000 | 3,255,000 | 211,961 | 107,550 |
| 0859 | COMMUNITY MEDICAL CENTER, INC. | COMMUNITY MEDICAL CENTERS, INC. - F G I C | CLINIC | | 12-Apr-2005 | 3,225,000 | 2,285,000 | 145,860 | 102,939 |
| 0861 | SOCIAL MODEL RECOVERY SYSTEMS, INC. | SOCIAL MODEL RECOVERY SYSTEMS, INC. F G I C | OTHER | | 12-Apr-2005 | 955,000 | 640,000 | 41,881 | 28,067 |
| 0863 | CALIFORNIA AUTISM FOUNDATION, INC. | CALIFORNIA AUTISM FOUNDATION, INC. - F G I C | OTHER | | 12-Apr-2005 | 3,950,000 | 2,525,000 | 168,842 | 107,931 |
| 0864 | SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAM | SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAM - F G I C | OTHER | | 12-Apr-2005 | 1,885,000 | 1,330,000 | 84,445 | 59,582 |
| 0865 | CLINICAS DEL CAMINO REAL, INC. | CLINICAS DEL CAMINO REAL | OTHER | | 12-Apr-2005 | 6,805,000 | 6,805,000 | 433,047 | 312,170 |
| 0866 | ASIAN COMMUNITY SKILLED NURSING FACILITY | ASIAN COMMUNITY SKILLED NURSING FACILITY - F G I C | SNF | | 12-Apr-2005 | 2,070,000 | 720,000 | 75,465 | 28,249 |
| 0868 | AIDS HEALTHCARE FOUNDATION | AIDS HEALTHCARE FOUNDATION - F G I C | OTHER | | 21-Jul-2005 | 7,250,000 | 4,645,000 | 291,191 | 186,563 |
| 0875 | NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY | NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY - A M B A C | MULTI | | 20-Dec-2005 | 16,125,000 | 10,575,000 | 666,887 | 437,354 |
| 0876 | CALIFORNIA NEVADA METHODIST HOMES | FOREST HILL MANOR | MULTI | | 03-May-2006 | 42,280,000 | 31,080,000 | 2,035,646 | 1,496,402 |
| 0877 | KINSHIP CENTER | RESIDENTIAL AND DAY TREATMENT CENTER FOR CHILDREN - KINSHIP | CLINIC | | 14-10-2006 | 2,910,000 | 2,445,000 | 146,061 | 122,713 |
| 0883 | LODI MEMORIAL HOSPITAL ASSOCIATION, INC. | LODI MEMORIAL HOSPITAL ASSOCIATION, INC. | HOSP | | 13-Dec-2007 | 150,000,000 | 145,880,000 | 5,651,669 | 5,496,436 |
| 0884 | HENRY MAYO NEWHALL MEMORIAL HOSPITAL | HENRY MAYO NEWHALL MEMORIAL HOSPITAL | HOSP | | 01-Aug-2007 | 45,000,000 | 43,415,000 | 3,924,819 | 3,786,578 |
| 0885 | OPTIONS FAMILY OF SERVICES | OPTIONS FAMILY OF SERVICES | OTHER | | 30-May-2007 | 3,090,000 | 2,715,000 | 161,838 | 142,197 |
| 0886 | LOS ANGELES CENTERS FOR ALCOHOL AND DRUG ABUSE | LOS ANGELES CENTERS FOR ALCOHOL AND DRUG ABUSE | OTHER | | 15-Apr-2007 | 2,735,000 | 2,305,000 | 141,153 | 116,407 |
| 0887 | FAMILY HEALTH CARE NETWORK | FAMILY HEALTHCARE NETWORK, INC. | CLINIC | | 15-Apr-2008 | 7,910,000 | 7,155,000 | 376,898 | 340,924 |
| 0891 | ASIAN COMMUNITY SKILLED NURSING FACILITY | ASIAN COMMUNITY SKILLED NURSING FACILITY - A M B A C | SNF | | 03-Oct-2007 | 19,405,000 | 18,670,000 | 1,052,203 | 1,012,349 |
| 0894 | HILL COUNTRY COMMUNITY CLINIC | HILL COUNTRY COMMUNITY CLINIC | CLINIC | | 30-Oct-2007 | 5,250,000 | 4,915,000 | 274,884 | 257,344 |
| 0895 | LOS ANGELES JEWISH HOME FOR THE AGING | LOS ANGELES JEWISH HOME FOR THE AGING | MULTI | | 14-Feb-2008 | 59,595,000 | 47,570,000 | 2,894,101 | 2,150,489 |
| 0897 | VALLEY HEALTH TEAM, INC. | VALLEY HEALTH TEAM, INC. | CLINIC | | 11-Mar-2008 | 2,325,000 | 2,055,000 | 112,760 | 99,665 |
| 0900 | LA MAESTRA FAMILY CLINIC, INC. | LA MAESTRA FAMILY CLINIC, INC. | CLINIC | | 04-Sep-2008 | 18,500,000 | 18,300,000 | 1,029,251 | 1,018,124 |
| 0901 | ST. ROSE HOSPITAL | ST. ROSE HOSPITAL | HOSP | | 28-May-2009 | 42,100,000 | 39,235,000 | 2,165,722 | 2,018,340 |
| 0902 | WALDEN HOUSE, INC. | WALDEN HOUSE - L O C | OTHER | 2 | 18-Jul-2008 | 4,500,000 | 4,500,000 | 10,800 | 0 |
| 0908 | PILGRIM PLACE IN CLAREMONT, INC. | PILGRIM PLACE IN CLAREMONT, INC. | MULTI | | 19-Aug-2009 | 26,500,000 | 26,500,000 | 1,751,585 | 1,751,585 |
| 0911 | LOS ANGELES JEWISH HOME FOR THE AGING | LOS ANGELES JEWISH HOME FOR THE AGING - L O C | MULTI | 5 | 20-Jan-2009 | 4,900,000 | 45,000 | 57,000 | 0 |
| 0923 | NORTH COUNTY SERENITY HOUSE | NORTH COUNTY SERENITY HOUSE - L O C | OTHER | 1 | 20-Mar-2009 | 400,000 | 45,000 | 765 | 0 |
| 0929 | MENDOCINO COAST HEALTH CARE DISTRICT | MENDOCINO COAST HOSPITAL | HOSP | | 14-Oct-2009 | 5,000,000 | 4,635,000 | 236,404 | 219,147 |
| 0930 | SALUD PARA LA GENTE | SALUD PARA LA GENTE | CLINIC | | 17-Mar-2010 | 3,300,000 | 3,175,000 | 142,165 | 134,738 |
| 0931 | THE HELP GROUP | THE HELP GROUP | CLINIC | | 19-Nov-2009 | 5,395,000 | 5,265,000 | 335,020 | 327,826 |
| 0932 | ST. ROSE HOSPITAL | ST. ROSE HOSPITAL - L O C | HOSP | 2 | 28-May-2009 | 11,500,000 | 7,500,000 | 42,175 | 0 |
| 0935 | ASIAN HEALTH SERVICES, INC. | ASIAN HEALTH SERVICES, INC. | CLINIC | | 21-Oct-2009 | 4,005,000 | 3,445,000 | 151,573 | 130,379 |
| 0936 | SOUTHWEST COMMUNITY HEALTH CENTER | SOUTHWEST COMMUNITY HEALTH CENTER | CLINIC | | 28-Feb-2010 | 13,270,000 | 13,270,000 | 824,867 | 824,867 |
| 0938 | VALLEY COMMUNITY CLINIC | VALLEY COMMUNITY CLINIC | CLINIC | | 24-Mar-2010 | 2,040,000 | 1,980,000 | 131,139 | 127,282 |
| 0940 | CASA DE LAS CAMPANAS | CASA DE LAS CAMPANAS | MULTI | | 28-Jan-2010 | 54,310,000 | 52,735,000 | 1,978,772 | 1,921,388 |
| 0941 | FAMILY HEALTH CARE NETWORK | FAMILY HEALTHCARE NETWORK, INC. | CLINIC | | 17-Nov-2011 | 11,225,000 | 11,225,000 | 674,431 | 674,431 |
| 0943 | CHANNING HOUSE | CHANNING HOUSE | MULTI | | 08-Jul-2010 | 64,020,000 | 62,910,000 | 3,526,100 | 3,464,963 |
| 0944 | MENDOCINO COAST HEALTH CARE DISTRICT | MENDOCINO COAST HOSPITAL - L O C | HOSP | 1 | 01-Mar-2010 | 1,000,000 | 0 | 2,400 | 0 |
| 0945 | MENDOCINO COAST HEALTH CARE DISTRICT | MENDOCINO COAST HOSPITAL | HOSP | | 08-Feb-2010 | 2,875,000 | 2,605,000 | 129,059 | 116,958 |
| 0946 | PETALUMA HEALTH CENTER | PETALUMA HEALTH CENTER | CLINIC | | 02-Jun-2010 | 5,865,000 | 5,865,000 | 363,956 | 363,956 |
| 0951 | VOCATIONAL VISIONS | VOCATIONAL VISIONS | OTHER | | 09-Jul-2010 | 2,370,000 | 2,255,000 | 129,960 | 123,654 |
| 0952 | NORTH KERN - SOUTH TULARE HOSPITAL DISTRICT | NORTH KERN SOUTH TULARE HOSPITAL DISTRICT | SNF | | 09-Sep-2010 | 7,115,000 | 7,020,000 | 331,817 | 327,386 |
| 0953 | SOUTHERN CALIFORNIA DEVELOPMENT - V O A, INC. | SOUTHERN CALIFORNIA DEVELOPMENT CORPORATION OF THE V O A, II | OTHER | | 28-Apr-2011 | 4,495,000 | 4,495,000 | 276,947 | 276,947 |
| 0954 | SIERRA VIEW HOMES INC. | SIERRA VIEW HOMES INC. | MULTI | | 30-Sep-2010 | 13,325,000 | 13,215,000 | 759,743 | 752,490 |
| 0955 | LINCOLN GLEN MANOR FOR SENIOR CITIZENS | LINCOLN GLEN MANOR | MULTI | | 27-Apr-2011 | 14,000,000 | 13,675,000 | 805,319 | 786,625 |
| 0956 | ST JOHN'S WELL CHILD AND FAMILY CENTER | ST JOHN'S WELL CHILD AND FAMILY CENTER | MULTI | | 30-Nov-2011 | 5,370,000 | 5,370,000 | 329,648 | 329,648 |
| 0961 | UNITED HEALTH CENTER OF THE SAN JOAQUIN VALLEY | UNITED HEALTH CENTERS OF THE SAN JOAQUIN VALLEY | CLINIC | | 20-Apr-2011 | 5,020,000 | 4,935,000 | 343,846 | 338,024 |
| 0962 | COMMUNITY PROGRAM FOR PERSONS WITH DISABILITIES | COMMUNITY PROGRAM FOR PERSONS WITH DISABILITIES | OTHER | | 17-Feb-2011 | 76,970,000 | 73,005,000 | 2,319,304 | 2,217,908 |
| 0964 | FELLOWSHIP HOMES, INC. | FELLOWSHIP HOMES - CASA DE MODESTO | MULTI | | 07-Oct-2011 | 2,785,000 | 2,785,000 | 99,044 | 99,044 |
| 0971 | TLC CHILD & FAMILY SERVICES | TLC CHILD & FAMILY SERVICES | OTHER | | 06-Oct-2011 | 2,475,000 | 2,475,000 | 94,978 | 94,978 |
| 0974 | GATEWAYS HOSPITAL & MENTAL CENTERS | GATEWAYS HOSPITAL & MENTAL HEALTH CENTER | HOSP | | 01-Dec-2011 | 8,085,000 | 8,085,000 | 428,068 | 428,068 |
| 0976 | THE HELP GROUP | THE HELP GROUP | CLINIC | | 23-Oct-2011 | 23,360,000 | 23,360,000 | 901,645 | 901,645 |
| 0990 | BEACON HOUSE | BEACON HOUSE ASSOCIATION, THE | OTHER | | 20-Oct-2011 | 1,505,000 | 1,505,000 | 55,900 | 55,900 |
| 833A | MARSHALL MEDICAL CENTER | MARSHALL MEDICAL CENTER | HOSP | | 25-Mar-2004 | 30,000,000 | 29,495,000 | 1,943,759 | 1,911,039 |
| 833B | MARSHALL MEDICAL CENTER | MARSHALL MEDICAL CENTER - AMBAC | HOSP | | 25-Mar-2004 | 20,000,000 | 20,000,000 | see above | |
| 884A | HENRY MAYO NEWHALL MEMORIAL HOSPITAL | HENRY MAYO NEWHALL MEMORIAL HOSPITAL | HOSP | | 01-Aug-2007 | 30,000,000 | 28,625,000 | see 0884 above | |
| 903A | ENLOE MEDICAL CENTER | ENLOE MEDICAL CENTER | HOSP | | 21-Aug-2008 | 68,915,000 | 58,330,000 | 1,335,403 | 1,654,985 |
| 903B | ENLOE MEDICAL CENTER | ENLOE MEDICAL CENTER - REFUNDING BONDS | HOSP | | 21-Aug-2008 | 166,680,000 | 166,680,000 | 7,709,633 | 7,709,633 |

Total 1,776,469,359 1,574,443,295 80,731,692 72,354,185

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, the one-time premiums are nonrefundable.

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

Selection of Interest Rate for Discounting
As of June 30, 2012

| Fiscal Period | HFCLIF Balance | Interest Annualized | Prorated Interest for Period | Return on Investment Portfolio |
|--|----------------|---------------------|------------------------------|--------------------------------|
| | (1) | (2) | (3) | (4) |
| 7/1/1997-12/31/1997 | 127,889,020 | 7,276,885 | 3,638,443 | 5.69% |
| 1/1/1998-6/30/1998 | 130,409,899 | 7,399,458 | 3,699,729 | 5.67% |
| 7/1/1998-12/31/1998 | 126,990,090 | 7,051,760 | 3,525,880 | 5.55% |
| 1/1/1999-6/30/1999 | 159,456,957 | 8,186,520 | 4,093,260 | 5.13% |
| 7/1/1999-12/31/1999 | 149,281,965 | 7,973,150 | 3,986,575 | 5.34% |
| 1/1/2000-6/30/2000 | 152,519,901 | 9,129,841 | 4,564,921 | 5.99% |
| 7/1/2000-12/31/2000 | 149,965,171 | 9,737,239 | 4,868,619 | 6.49% |
| 1/1/2001-6/30/2001 | 151,922,050 | 8,706,653 | 4,353,326 | 5.73% |
| 7/1/2001-12/31/2001 | 174,327,647 | 6,960,903 | 3,480,451 | 3.99% |
| 1/1/2002-6/30/2002 | 181,149,000 | 5,168,181 | 2,584,090 | 2.85% |
| 7/1/2002-12/31/2002 | 181,106,389 | 4,469,706 | 2,234,853 | 2.47% |
| 1/1/2003-6/30/2003 | 181,404,576 | 3,372,311 | 1,686,156 | 1.86% |
| 7/1/2003-12/31/2003 | 184,542,439 | 2,934,225 | 1,467,112 | 1.59% |
| 1/1/2004-3/31/2004 | 181,579,913 | 2,663,777 | 665,944 | 1.47% |
| 4/1/2004-6/30/2004 | 183,735,388 | 2,647,627 | 661,907 | 1.44% |
| 7/1/2004-9/30/2004 | 176,758,235 | 2,943,025 | 735,756 | 1.67% |
| 10/1/2004-12/31/2004 | 178,648,551 | 3,564,039 | 891,010 | 2.00% |
| 1/1/2005-3/31/2005 | 174,733,992 | 4,146,438 | 1,036,609 | 2.37% |
| 4/1/2005-6/30/2005 | 177,398,499 | 5,057,631 | 1,264,408 | 2.85% |
| 7/1/2005-9/30/2005 | 169,095,069 | 5,373,841 | 1,343,460 | 3.18% |
| 10/1/2005-12/31/2005 | 170,862,917 | 6,195,489 | 1,548,872 | 3.63% |
| 1/1/2006-3/31/2006 | 169,424,477 | 6,831,195 | 1,707,799 | 4.03% |
| 4/1/2006-6/30/2006 | 173,933,343 | 7,877,441 | 1,969,360 | 4.53% |
| 7/1/2006-9/30/2006 | 167,723,683 | 8,262,069 | 2,065,517 | 4.93% |
| 10/1/2006-12/31/2006 | 171,280,287 | 8,745,571 | 2,186,393 | 5.11% |
| 1/1/2007-3/31/2007 | 171,603,322 | 8,875,324 | 2,218,831 | 5.17% |
| 4/1/2007-6/30/2007 | 175,219,057 | 9,172,718 | 2,293,179 | 5.24% |
| 7/1/2007-9/30/2007 | 173,438,748 | 9,081,253 | 2,270,313 | 5.24% |
| 10/1/2007-12/31/2007 | 183,130,017 | 9,074,092 | 2,268,523 | 4.96% |
| 1/1/2008-3/31/2008 | 185,259,745 | 7,732,742 | 1,933,185 | 4.17% |
| 4/1/2008-6/30/2008 | 187,183,615 | 5,817,667 | 1,454,417 | 3.11% |
| 7/1/2008-9/30/2008 | 194,378,806 | 5,382,349 | 1,345,587 | 2.77% |
| 10/1/2008-12/31/2008 | 195,400,914 | 4,949,505 | 1,237,376 | 2.53% |
| 1/1/2009-3/31/2009 | 188,974,751 | 3,596,190 | 899,047 | 1.90% |
| 4/1/2009-6/30/2009 | 192,557,629 | 2,911,471 | 727,868 | 1.51% |
| 7/1/2009-9/30/2009 | 186,028,962 | 1,653,797 | 413,449 | 0.89% |
| 10/1/2009-12/31/2009 | 188,170,252 | 1,117,731 | 279,433 | 0.59% |
| 1/1/2010-3/31/2010 | 189,155,230 | 1,042,245 | 260,561 | 0.55% |
| 4/1/2010-6/30/2010 | 189,745,143 | 1,001,854 | 250,464 | 0.53% |
| 7/1/2010-9/30/2010 | 186,821,208 | 939,711 | 234,928 | 0.50% |
| 10/1/2010-12/31/2010 | 183,012,489 | 834,537 | 208,634 | 0.46% |
| 1/1/2011-3/31/2011 | 177,557,763 | 901,993 | 225,498 | 0.51% |
| 4/1/2011-6/30/2011 | 180,371,861 | 865,785 | 216,446 | 0.48% |
| 7/1/2011-9/30/2011 | 172,621,639 | 650,784 | 162,696 | 0.38% |
| 10/1/2011-12/31/2011 | 175,284,198 | 662,574 | 165,644 | 0.38% |
| 1/1/2012-3/31/2012 | 173,020,993 | 647,099 | 161,775 | 0.37% |
| 4/1/2012-6/30/2012 | 172,924,037 | 624,256 | 156,064 | 0.36% |
| Total | | | 79,644,370 | |
| Weighted Average All Years | | | | 4.37% |
| Average 7/1/2003 to 6/30/2012 | | | | 2.31% |
| Average 7/1/2005 to 6/30/2012 | | | | 2.44% |
| Average 7/1/2007 to 6/30/2012 | | | | 1.94% |
| Prior Selection | | | | 3.40% |
| Selected Discounting Interest Rate | | | 2.50% | |
| Standard Deviation All Years | | | | 1.99% |
| Standard Deviation 7/1/2003 to 6/30/2012 | | | | 1.76% |
| Selected Standard Deviation | | | 1.75% | |

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

**Distribution of Active Loans by Facility Type
As of 6/30/2012**

| Facility Type | # of Projects | # of Borrowers | Original Insured Amount | Principal Balance | Distribution By # of Projects | Distribution By # of Borrowers | Distribution By Original Loan Amount | Distribution By Principal Outstanding |
|---------------|---------------|----------------|-------------------------|----------------------|-------------------------------|--------------------------------|--------------------------------------|---------------------------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Hospitals | 24 | 13 | 795,280,000 | 696,154,897 | 19.7% | 14.1% | 39.4% | 40.6% |
| Multilevels | 27 | 21 | 806,765,000 | 668,125,000 | 22.1% | 22.8% | 39.9% | 39.0% |
| Clinics | 34 | 29 | 206,424,359 | 176,824,359 | 27.9% | 31.5% | 10.2% | 10.3% |
| SNF | 3 | 2 | 28,590,000 | 26,410,000 | 2.5% | 2.2% | 1.4% | 1.5% |
| Other | 34 | 27 | 183,520,000 | 147,479,039 | 27.9% | 29.3% | 9.1% | 8.6% |
| Total | 122 | 92 | 2,020,579,359 | 1,714,993,295 | 100.0% | 100.0% | 100.0% | 100.0% |

Notes:

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

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

Summary of Cash Flow Debt Service Ratios *

| Facility Type | Weighted Average | | | | | | | Average | | | | | | | Median | | | | | | |
|---------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Hospitals | 1.75 | 1.87 | 2.53 | 3.13 | 2.05 | 4.48 | 2.33 | 1.25 | 1.61 | 2.38 | 1.29 | 1.77 | 2.37 | 7.52 | 1.34 | 1.27 | 2.16 | 1.49 | 1.34 | 1.90 | 1.98 |
| Multilevels | 2.26 | 2.99 | 3.15 | 3.97 | 2.74 | 5.37 | 4.42 | 1.87 | 1.87 | 3.41 | 2.45 | 3.11 | 3.02 | 2.47 | 1.77 | 1.91 | 2.17 | 2.28 | 2.07 | 2.14 | 1.77 |
| Clinics | 4.26 | 8.10 | 4.56 | 9.34 | 2.97 | 2.87 | 2.51 | 2.59 | 4.01 | 2.89 | 2.58 | 2.91 | 2.83 | 1.89 | 2.43 | 2.97 | 2.35 | 2.09 | 2.13 | 2.28 | 2.19 |
| SNF | 3.89 | 3.20 | 2.15 | 2.31 | 2.62 | 3.36 | 1.33 | 3.31 | 3.14 | 2.11 | 2.17 | 2.41 | 2.12 | 1.44 | 5.58 | 3.42 | 2.18 | 1.76 | 2.84 | 3.47 | 1.74 |
| Other | 5.28 | 3.23 | 3.27 | 2.79 | 2.00 | 2.65 | 1.65 | 5.33 | 3.26 | 2.28 | 3.03 | 1.60 | 2.05 | 1.27 | 1.73 | 1.52 | 1.59 | 1.57 | 1.77 | 1.88 | 1.40 |
| Total | 2.45 | 3.10 | 3.02 | 4.05 | 2.45 | 4.45 | 3.10 | 1.92 | 2.13 | 3.18 | 2.29 | 2.86 | 2.88 | 3.76 | 1.94 | 1.87 | 2.05 | 1.80 | 1.93 | 2.00 | 1.75 |

Summary of Income Debt Service Ratios

| Facility Type | Weighted Average | | | | | | | Average | | | | | | | Median | | | | | | |
|---------------|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Hospitals | 0.87 | 0.95 | 1.39 | 1.50 | 1.17 | 3.10 | 1.13 | 0.47 | 0.79 | 1.36 | 0.58 | 0.92 | 1.32 | 4.54 | 0.58 | 0.53 | 0.92 | 0.67 | 0.71 | 1.00 | 0.89 |
| Multilevels | 0.86 | 1.15 | 1.94 | 2.59 | 1.50 | 3.51 | 3.19 | 1.06 | 1.12 | 1.82 | 1.23 | 1.87 | 1.88 | 1.41 | 1.05 | 1.11 | 1.21 | 1.28 | 1.16 | 1.34 | 0.85 |
| Clinics | 2.83 | 6.37 | 3.08 | 5.40 | 1.73 | 1.72 | 1.50 | 1.64 | 2.92 | 1.92 | 1.64 | 1.89 | 1.80 | 1.15 | 1.59 | 1.82 | 1.25 | 1.17 | 1.09 | 1.10 | 1.12 |
| SNF | 2.55 | 2.24 | 1.58 | 1.80 | 2.00 | 2.71 | 0.85 | 2.17 | 2.24 | 1.54 | 1.67 | 1.89 | 1.74 | 0.95 | 3.66 | 2.21 | 1.68 | 1.17 | 2.21 | 2.95 | 0.83 |
| Other | 4.45 | 2.53 | 2.43 | 2.03 | 1.38 | 1.96 | 0.88 | 4.50 | 2.55 | 1.46 | 2.29 | 1.16 | 1.52 | 0.68 | 1.27 | 0.90 | 0.96 | 0.86 | 1.25 | 1.22 | 0.88 |
| Total | 1.29 | 1.72 | 1.86 | 2.37 | 1.41 | 2.99 | 1.99 | 1.09 | 1.31 | 1.74 | 1.19 | 1.72 | 1.79 | 2.21 | 1.17 | 1.10 | 1.15 | 0.95 | 1.08 | 1.21 | 0.89 |

* 2005-2007 Averages for multilevels have changed from the 6/30/08 analysis due to restatement of financial information for Catholic Healthcare West
Weighted Averages and Medians are not impacted

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

Summary of Debt Service Ratios over Last Seven Years

Cash Flow Debt Service Ratios

| Facility Type | 2011 | | | 2010 | | | 2009 | | | 2008 | | | 2007 | | | 2006 | | | 2005 | | |
|---------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|
| | <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 | 42% | 8% | 50% | 42% | 8% | 50% | 21% | 0% | 79% | 36% | 0% | 64% | 23% | 8% | 69% | 23% | 0% | 77% | 19% | 6% | 75% |
| Multilevels | 5% | 0% | 95% | 10% | 5% | 86% | 14% | 18% | 68% | 14% | 14% | 73% | 21% | 0% | 79% | 21% | 11% | 68% | 35% | 0% | 65% |
| Clinics | 14% | 4% | 82% | 21% | 3% | 76% | 25% | 0% | 75% | 25% | 3% | 72% | 19% | 3% | 77% | 29% | 3% | 68% | 28% | 3% | 69% |
| SNF | 0% | 0% | 100% | 0% | 0% | 100% | 0% | 0% | 100% | 0% | 25% | 75% | 0% | 25% | 75% | 25% | 0% | 75% | 50% | 0% | 50% |
| Other | 19% | 8% | 73% | 27% | 8% | 65% | 29% | 7% | 64% | 36% | 11% | 54% | 24% | 10% | 66% | 19% | 6% | 74% | 42% | 3% | 55% |
| Total | 17% | 4% | 79% | 22% | 6% | 72% | 22% | 6% | 72% | 26% | 8% | 66% | 21% | 6% | 73% | 23% | 5% | 71% | 34% | 3% | 64% |

Income Debt Service Ratios

| Facility Type | 2011 | | | 2010 | | | 2009 | | | 2008 | | | 2007 | | | 2006 | | | 2005 | | |
|---------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|------------|
| | <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 | 67% | 0% | 33% | 67% | 0% | 33% | 50% | 7% | 43% | 71% | 7% | 21% | 62% | 8% | 31% | 46% | 8% | 46% | 63% | 6% | 31% |
| Multilevels | 48% | 14% | 38% | 38% | 14% | 48% | 41% | 9% | 50% | 41% | 5% | 55% | 42% | 11% | 47% | 47% | 0% | 53% | 60% | 10% | 30% |
| Clinics | 43% | 0% | 57% | 34% | 7% | 59% | 44% | 6% | 50% | 44% | 9% | 47% | 45% | 10% | 45% | 48% | 6% | 45% | 41% | 10% | 48% |
| SNF | 0% | 0% | 100% | 0% | 0% | 100% | 25% | 0% | 75% | 50% | 0% | 50% | 25% | 0% | 75% | 25% | 0% | 75% | 50% | 0% | 50% |
| Other | 42% | 8% | 50% | 62% | 8% | 31% | 54% | 4% | 43% | 61% | 0% | 39% | 45% | 3% | 52% | 35% | 13% | 52% | 55% | 8% | 37% |
| Total | 46% | 6% | 48% | 47% | 8% | 46% | 46% | 6% | 48% | 52% | 5% | 43% | 46% | 7% | 47% | 43% | 7% | 50% | 53% | 8% | 38% |

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

Summary of Debt Service Ratios

Cash Flow Debt Service Ratios

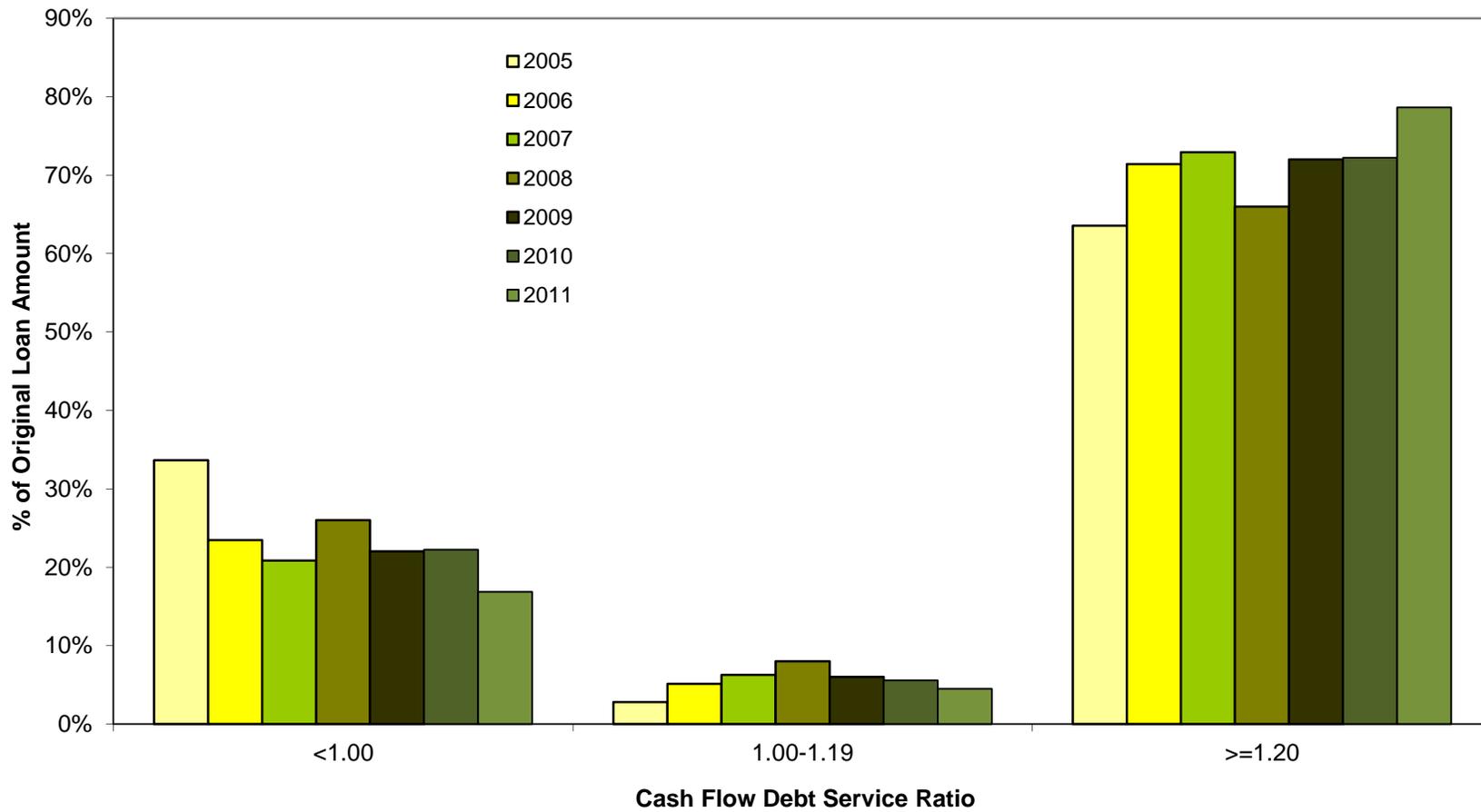
| Year | Total | | | Hospitals | | | Multilevels | | | Clinics | | | SNF | | | Other | | |
|------|-------|-----------|--------|-----------|-----------|--------|-------------|-----------|--------|---------|-----------|--------|-------|-----------|--------|-------|-----------|--------|
| | <1.00 | 1.00-1.19 | >=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 |
| 2005 | 34% | 3% | 64% | 19% | 6% | 75% | 35% | 0% | 65% | 28% | 3% | 69% | 50% | 0% | 50% | 42% | 3% | 55% |
| 2006 | 23% | 5% | 71% | 23% | 0% | 77% | 21% | 11% | 68% | 29% | 3% | 68% | 25% | 0% | 75% | 19% | 6% | 74% |
| 2007 | 21% | 6% | 73% | 23% | 8% | 69% | 21% | 0% | 79% | 19% | 3% | 77% | 0% | 25% | 75% | 24% | 10% | 66% |
| 2008 | 26% | 8% | 66% | 36% | 0% | 64% | 14% | 14% | 73% | 25% | 3% | 72% | 0% | 25% | 75% | 36% | 11% | 54% |
| 2009 | 22% | 6% | 72% | 21% | 0% | 79% | 14% | 18% | 68% | 25% | 0% | 75% | 0% | 0% | 100% | 29% | 7% | 64% |
| 2010 | 22% | 6% | 72% | 42% | 8% | 50% | 10% | 5% | 86% | 21% | 3% | 76% | 0% | 0% | 100% | 27% | 8% | 65% |
| 2011 | 17% | 4% | 79% | 42% | 8% | 50% | 5% | 0% | 95% | 14% | 4% | 82% | 0% | 0% | 100% | 19% | 8% | 73% |

Income Debt Service Ratios

| Year | Total | | | Hospitals | | | Multilevels | | | 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 |
| 2005 | 53% | 8% | 38% | 63% | 6% | 31% | 60% | 10% | 30% | 41% | 10% | 48% | 50% | 0% | 50% | 55% | 8% | 37% |
| 2006 | 43% | 7% | 50% | 46% | 8% | 46% | 47% | 0% | 53% | 48% | 6% | 45% | 25% | 0% | 75% | 35% | 13% | 52% |
| 2007 | 46% | 7% | 47% | 62% | 8% | 31% | 42% | 11% | 47% | 45% | 10% | 45% | 25% | 0% | 75% | 45% | 3% | 52% |
| 2008 | 52% | 5% | 43% | 71% | 7% | 21% | 41% | 5% | 55% | 44% | 9% | 47% | 50% | 0% | 50% | 61% | 0% | 39% |
| 2009 | 46% | 6% | 48% | 50% | 7% | 43% | 41% | 9% | 50% | 44% | 6% | 50% | 25% | 0% | 75% | 54% | 4% | 43% |
| 2010 | 47% | 8% | 46% | 67% | 0% | 33% | 38% | 14% | 48% | 34% | 7% | 59% | 0% | 0% | 100% | 62% | 8% | 31% |
| 2011 | 46% | 6% | 48% | 67% | 0% | 33% | 48% | 14% | 38% | 43% | 0% | 57% | 0% | 0% | 100% | 42% | 8% | 50% |

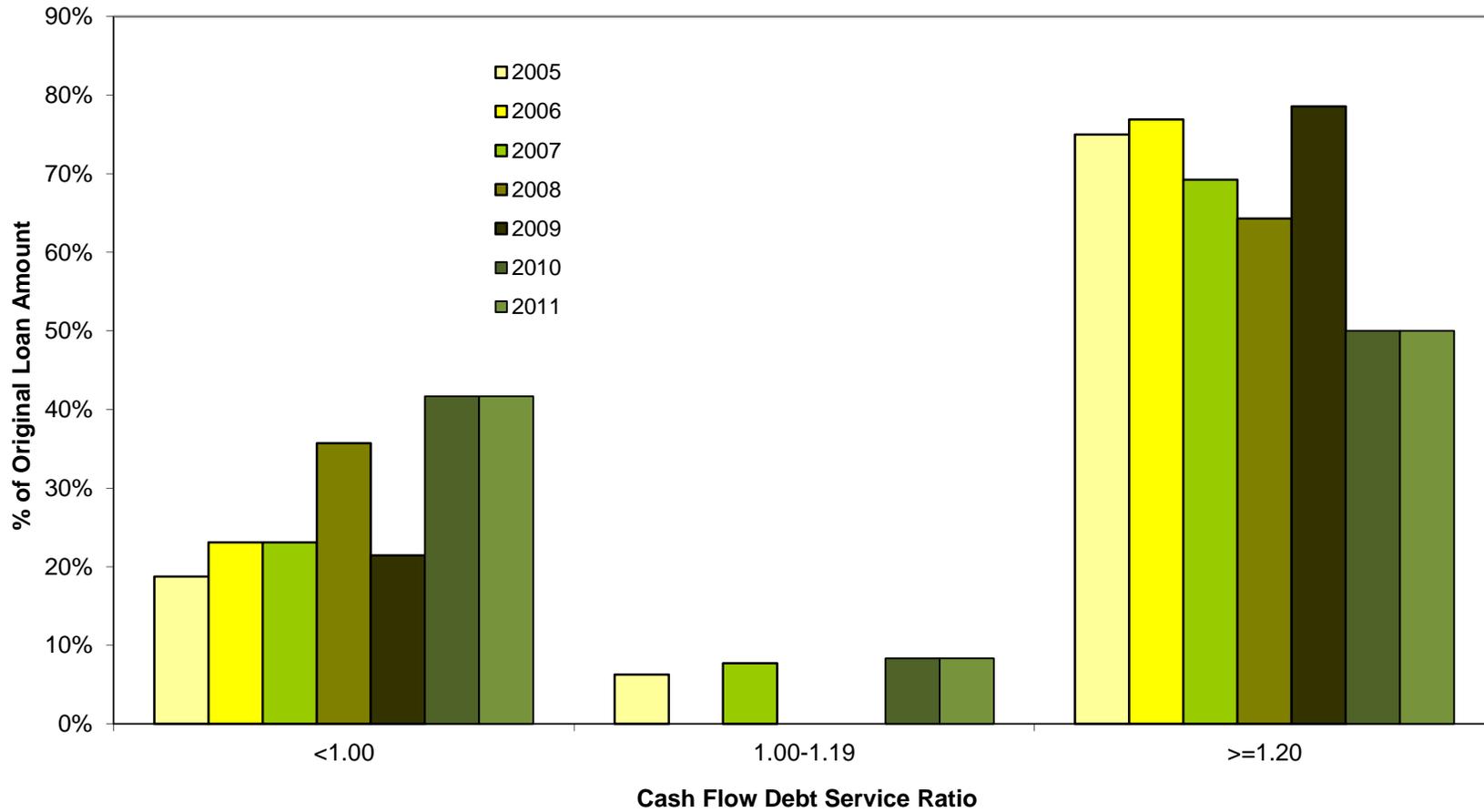
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Cash Flow Debt Service Ratios
 Distribution by Original Loan Amount**

TOTAL



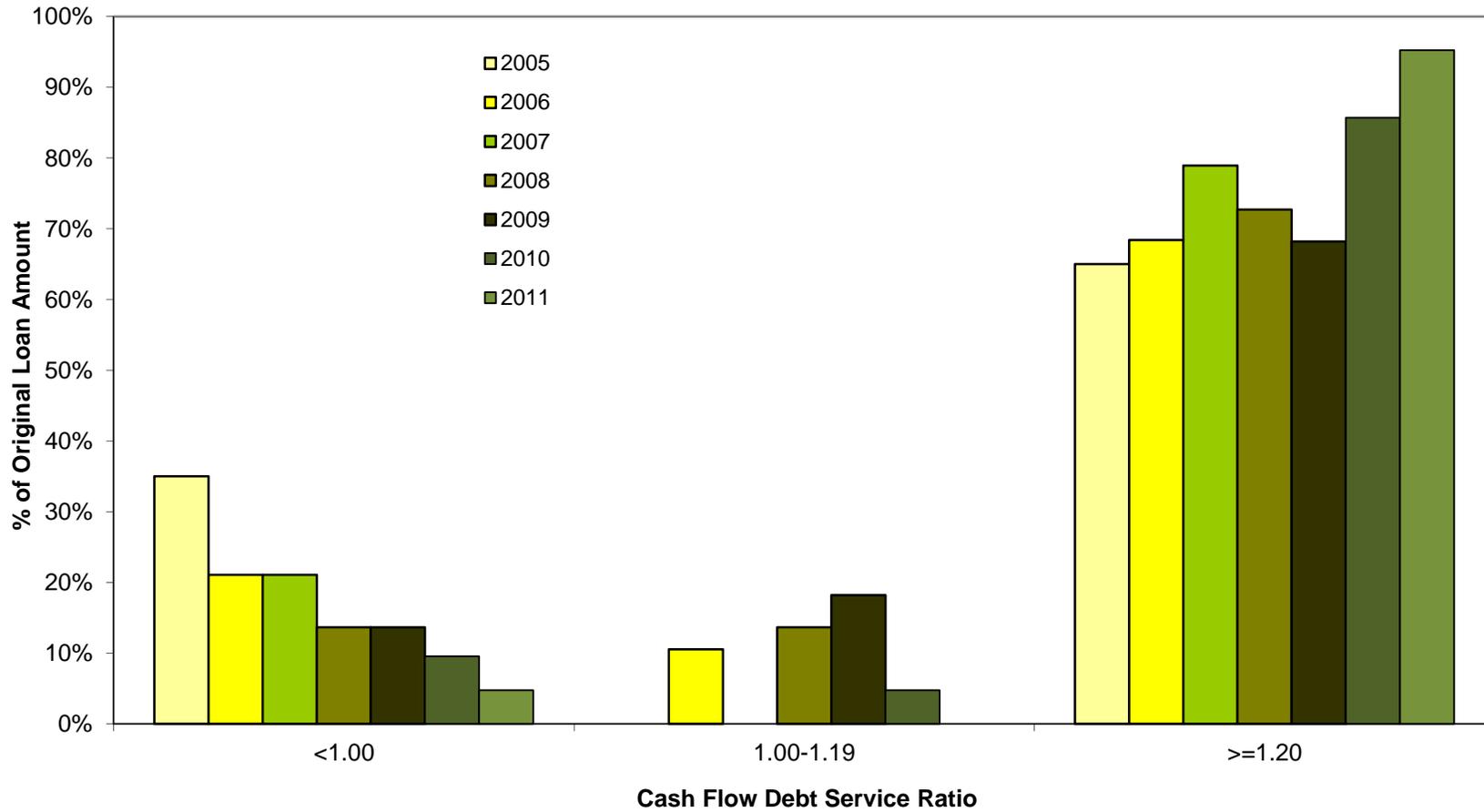
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Debt Service Ratios
Distribution by Original Loan Amount**

HOSPITALS



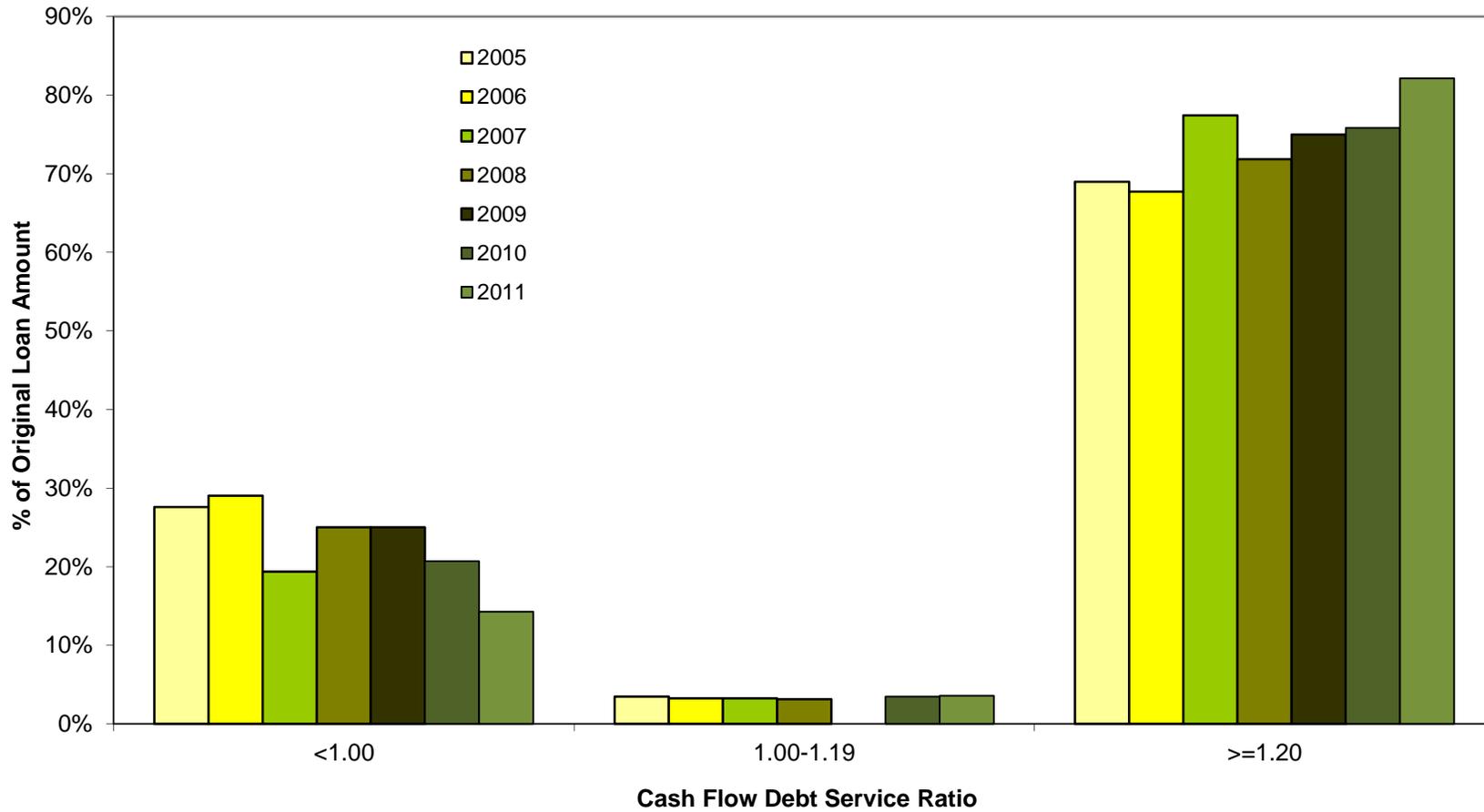
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Cash Flow Debt Service Ratios
 Distribution by Original Loan Amount**

MULTILEVELS



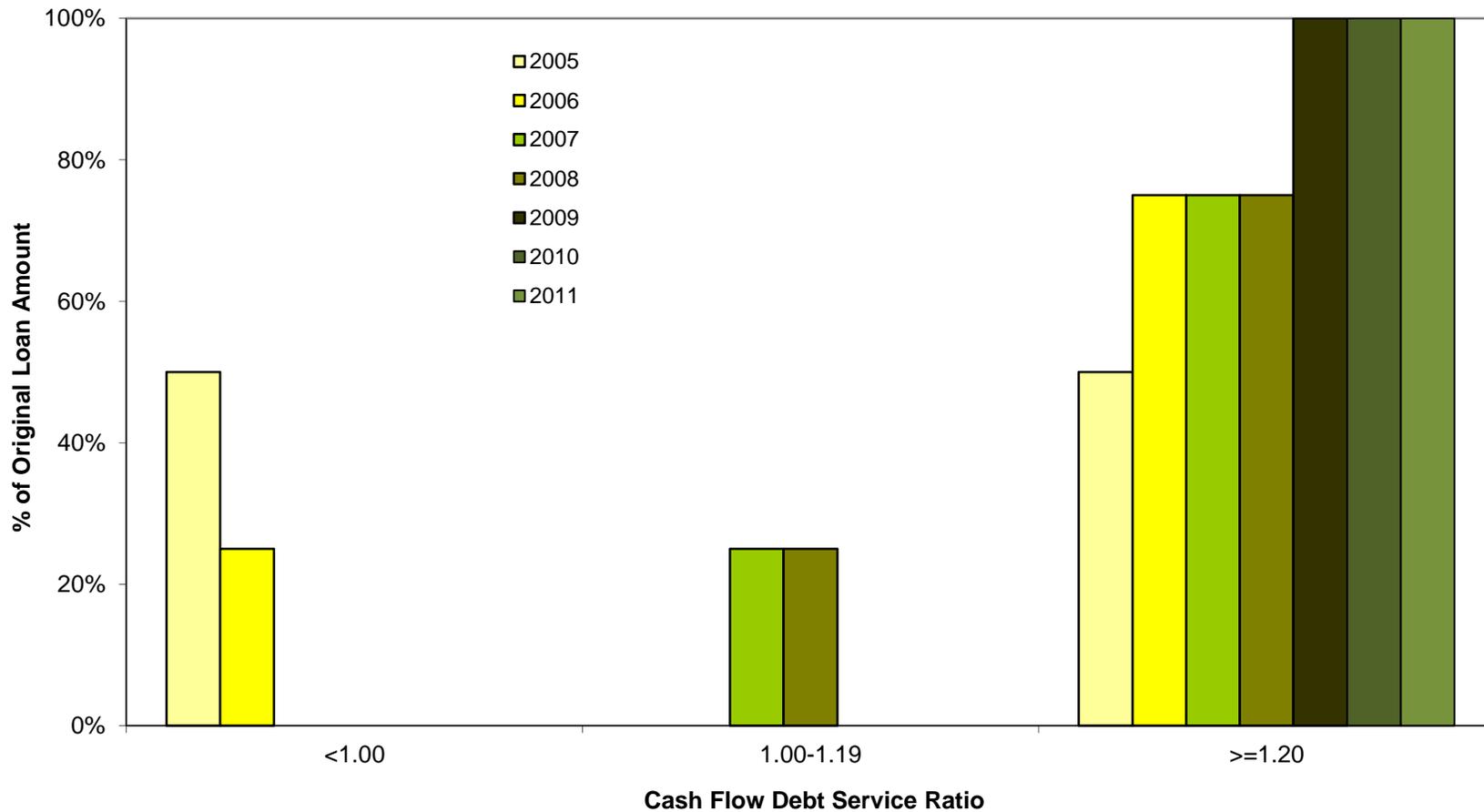
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 California Health Facility Construction Loan Insurance Program
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CLINICS



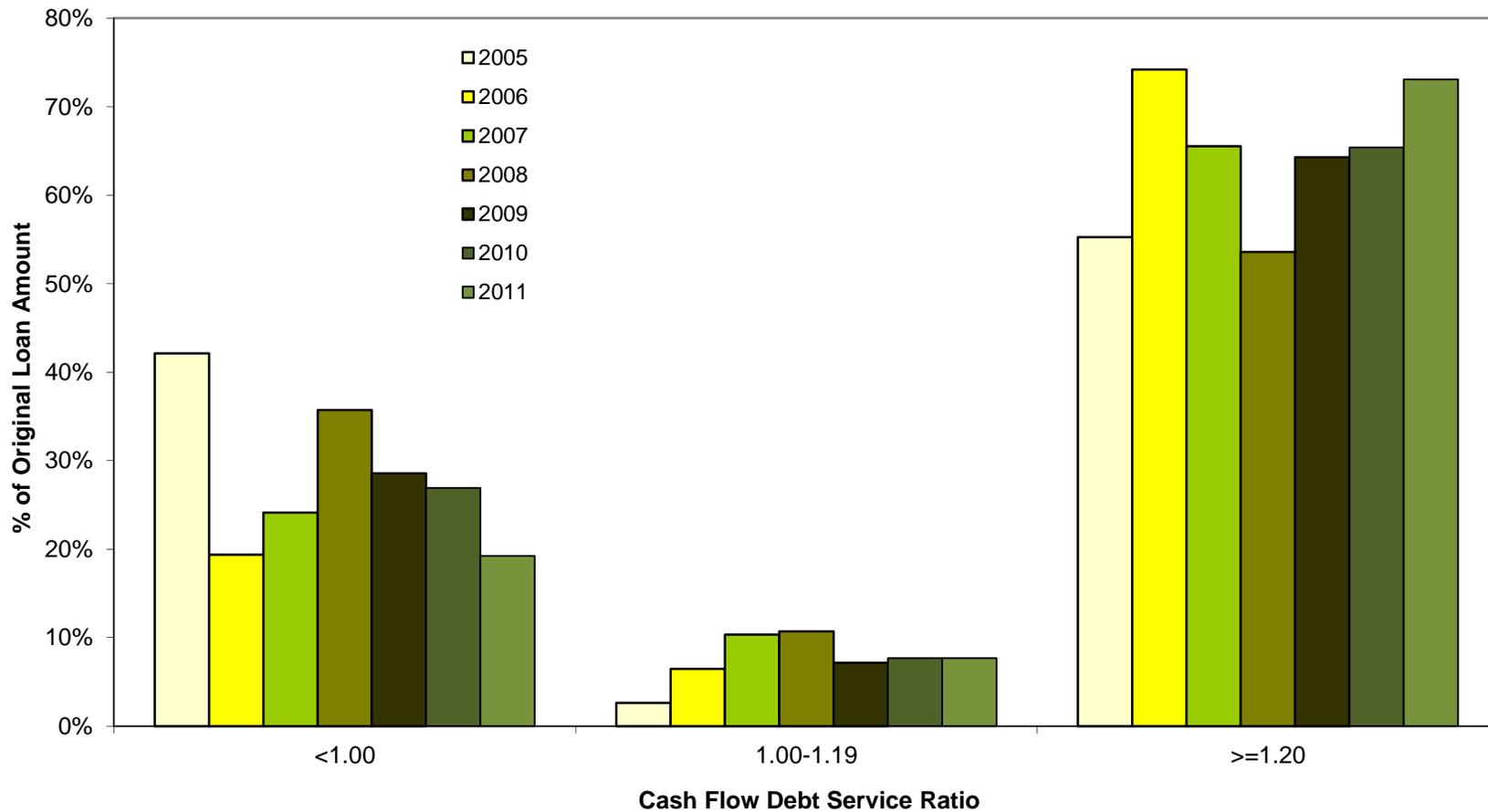
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Cash Flow Debt Service Ratios
 Distribution by Original Loan Amount**

SKILLED NURSING FACILITY (SNF)



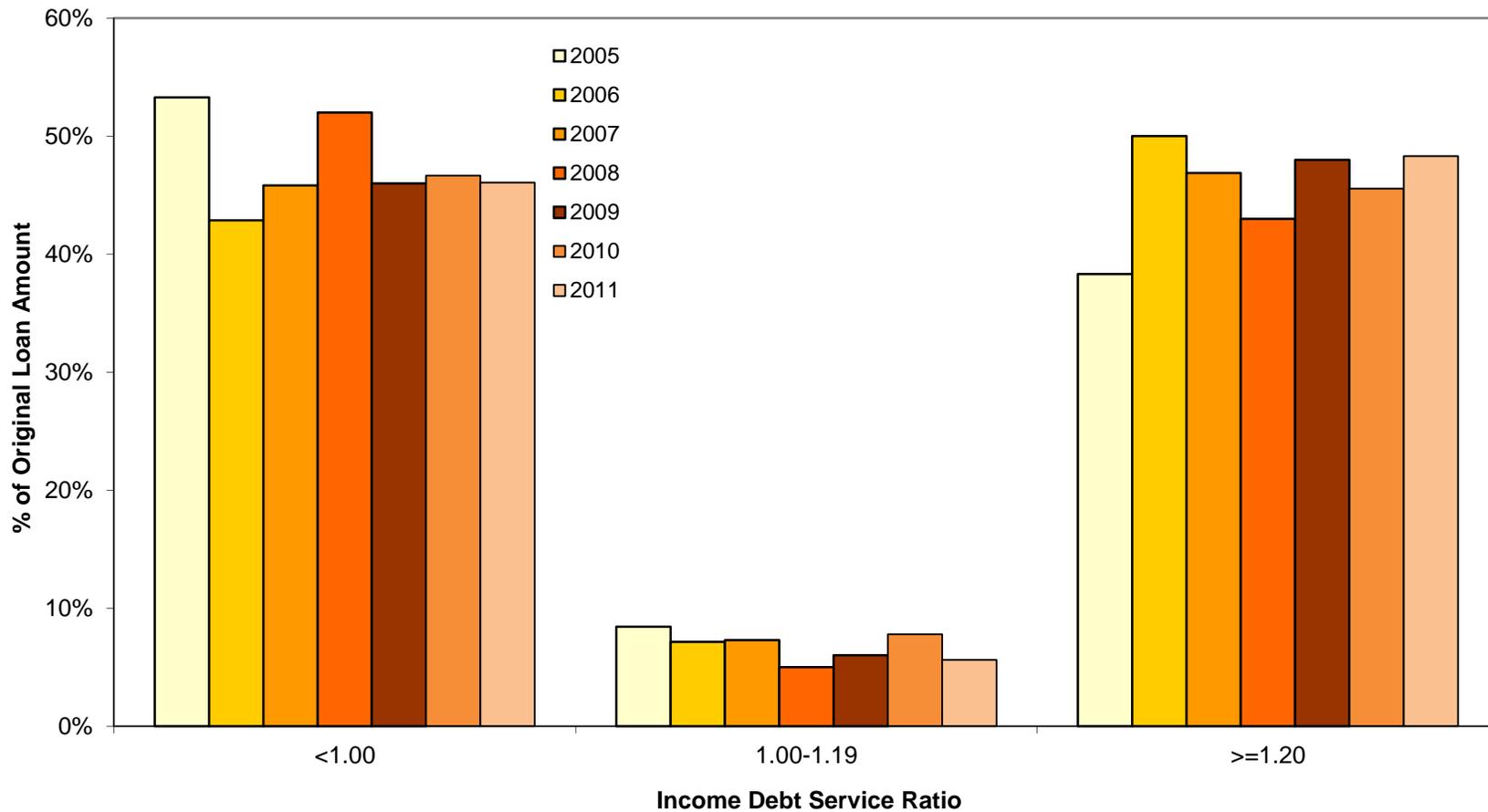
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Debt Service Ratios
Distribution by Original Loan Amount**

OTHER



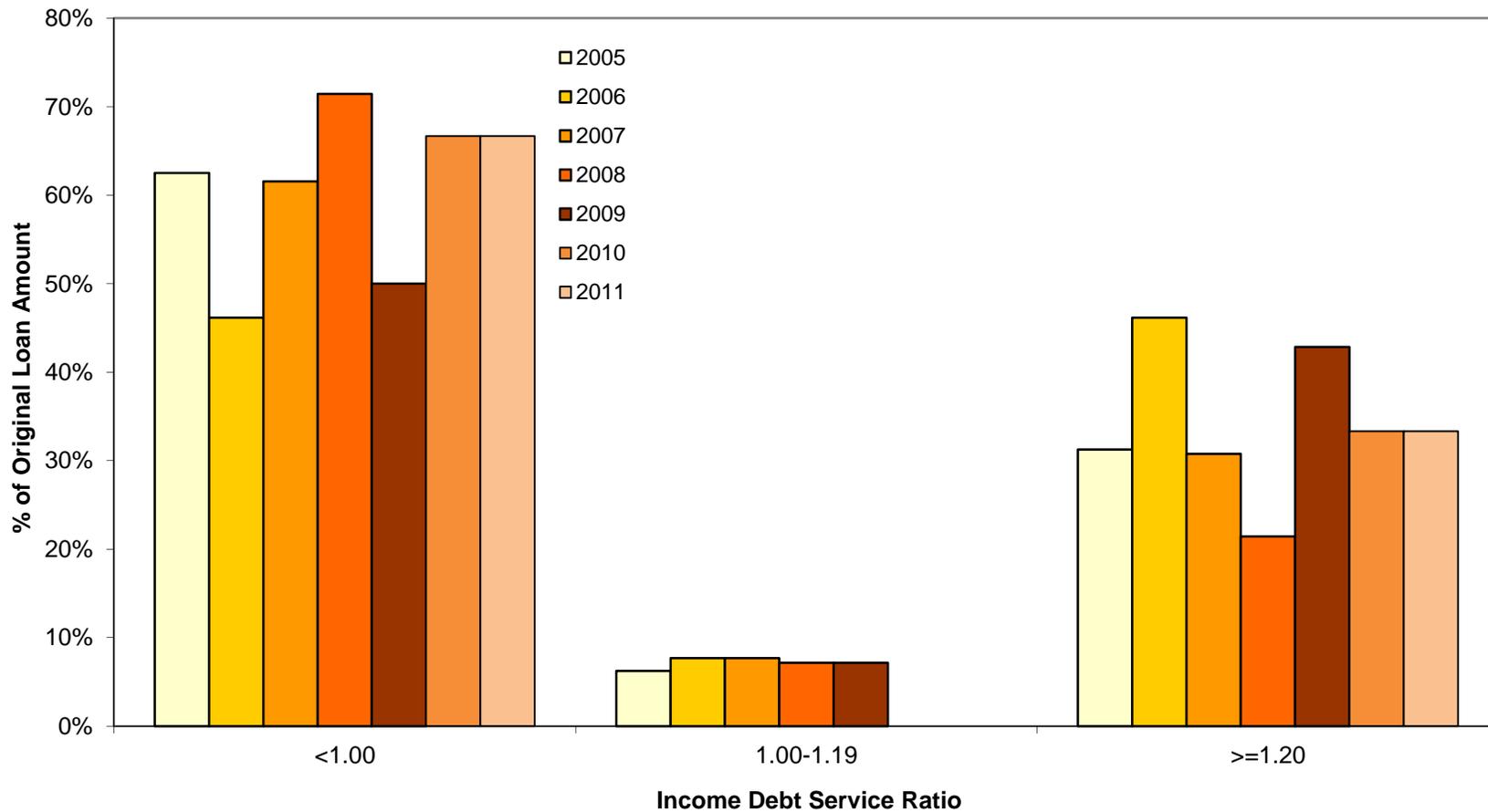
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution by Original Loan Amount**

TOTAL



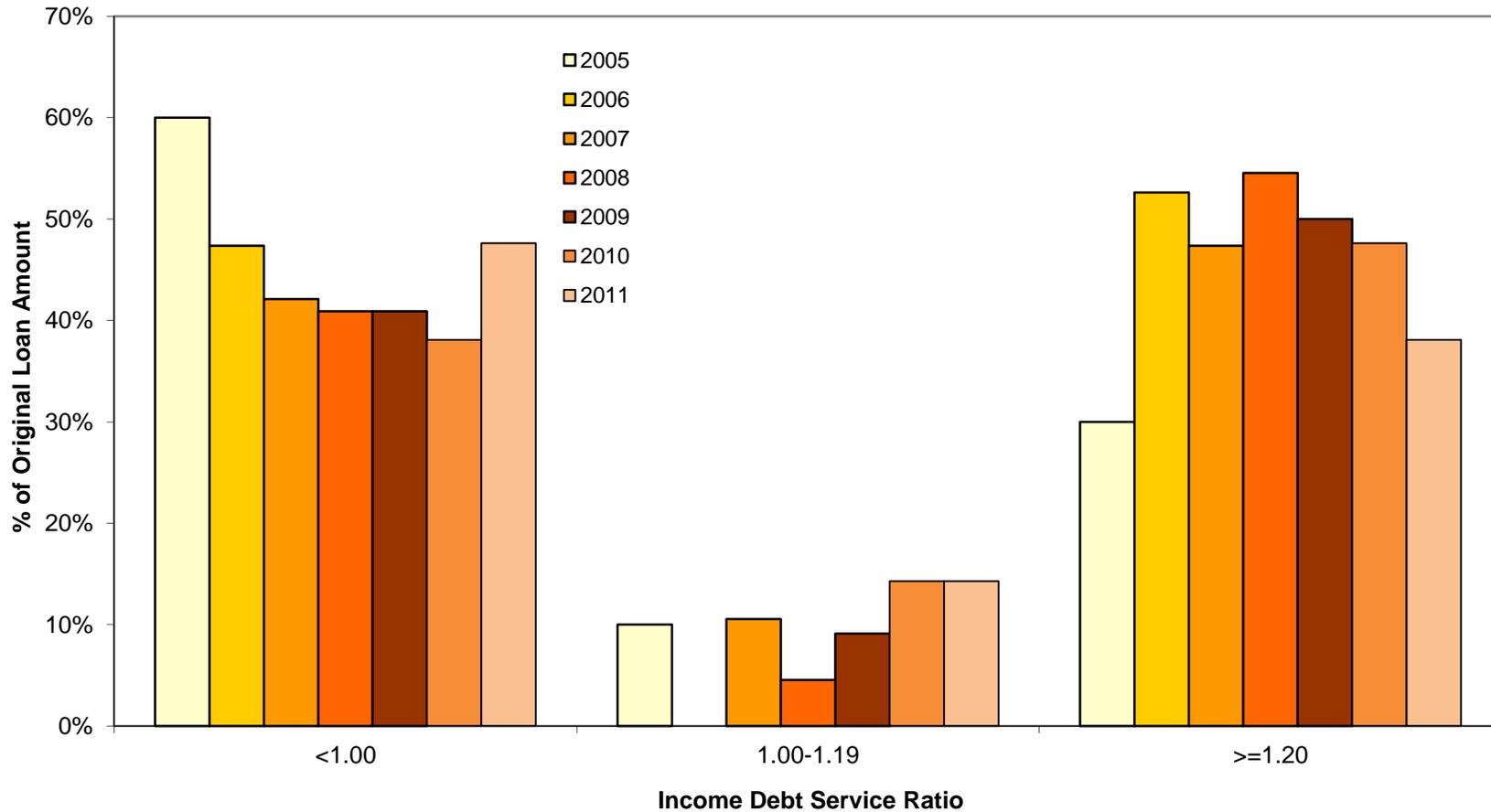
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

HOSPITALS



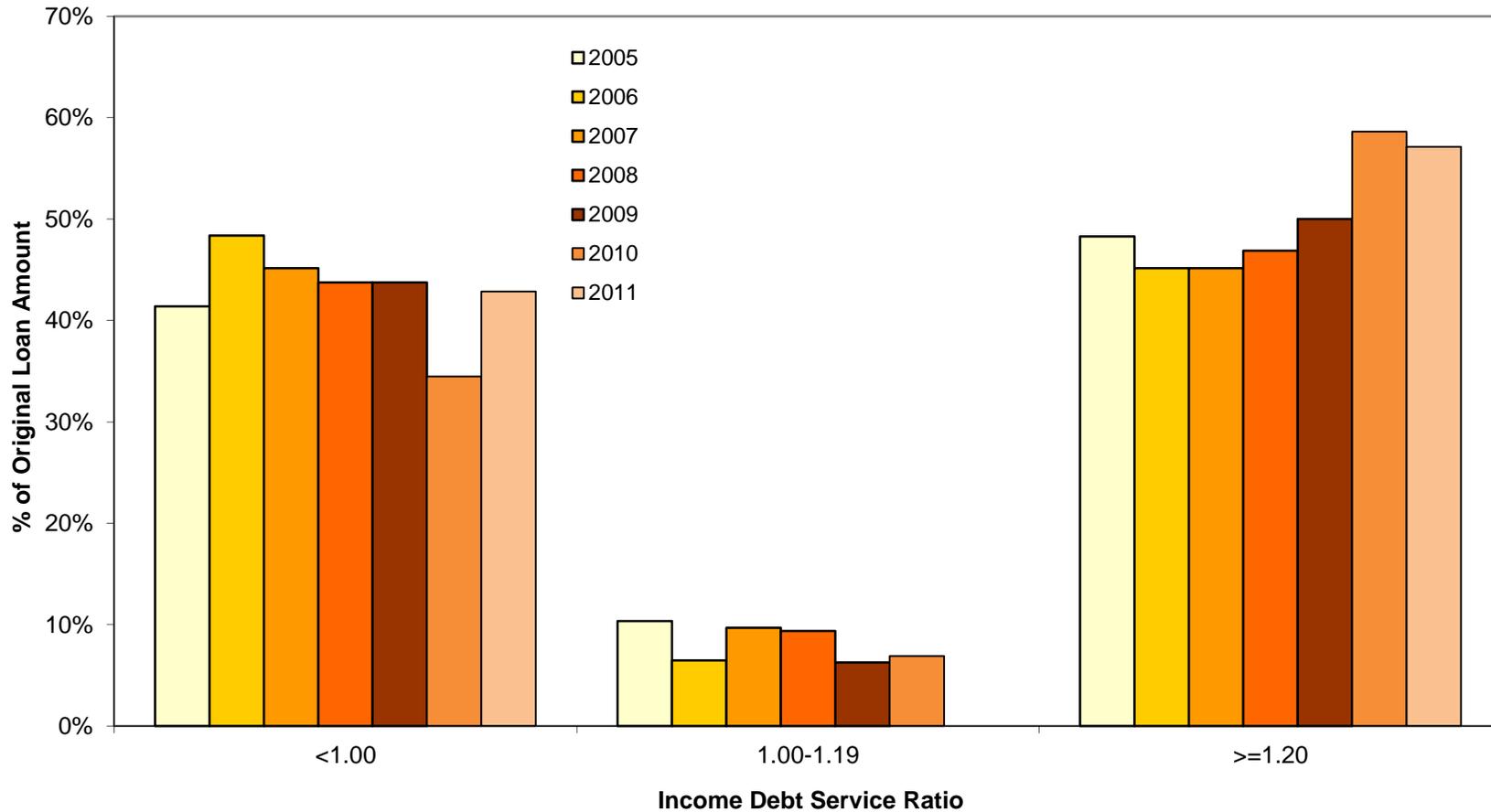
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution by Original Loan Amount**

MULTILEVELS



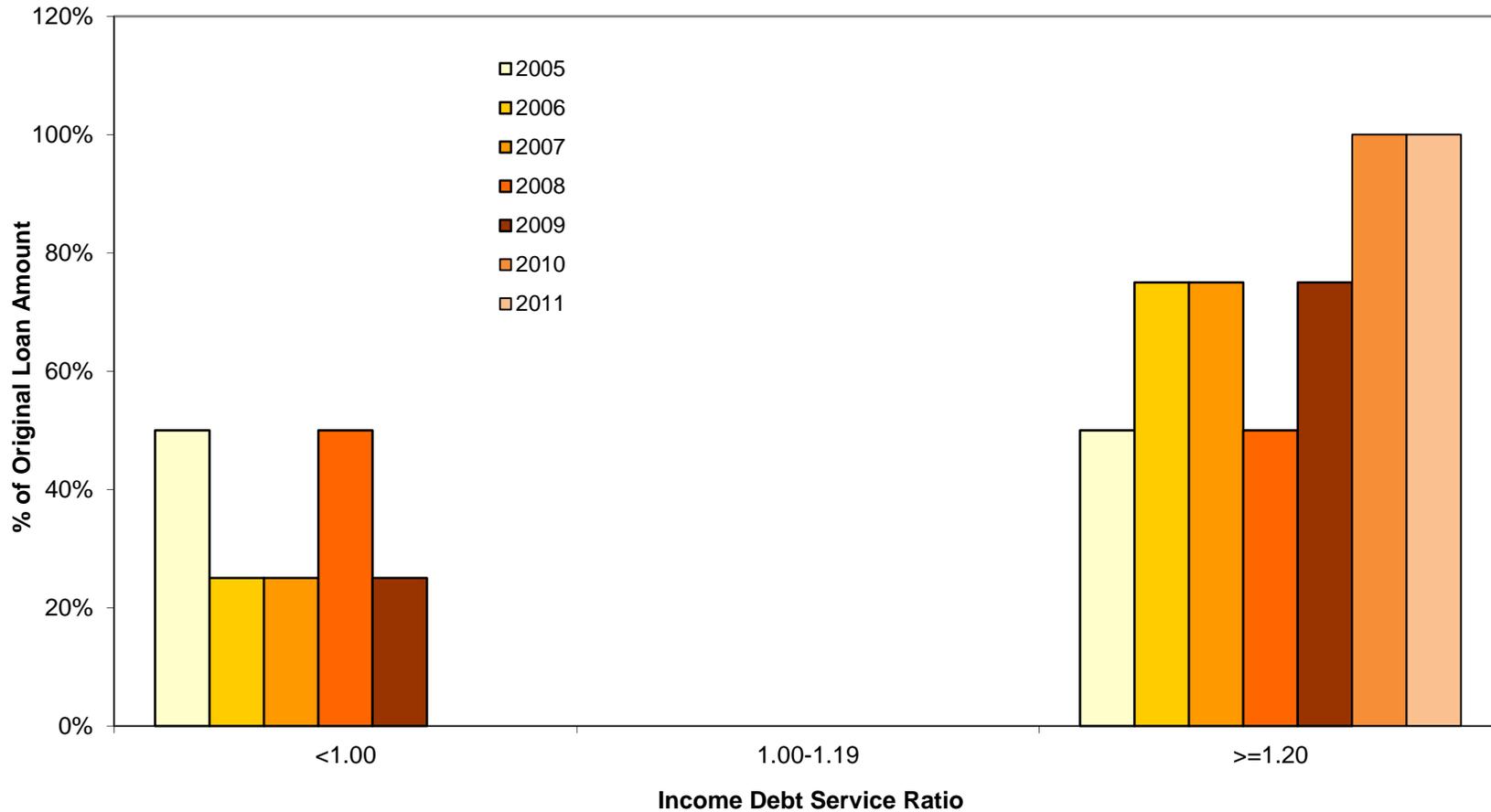
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution by Original Loan Amount**

CLINICS



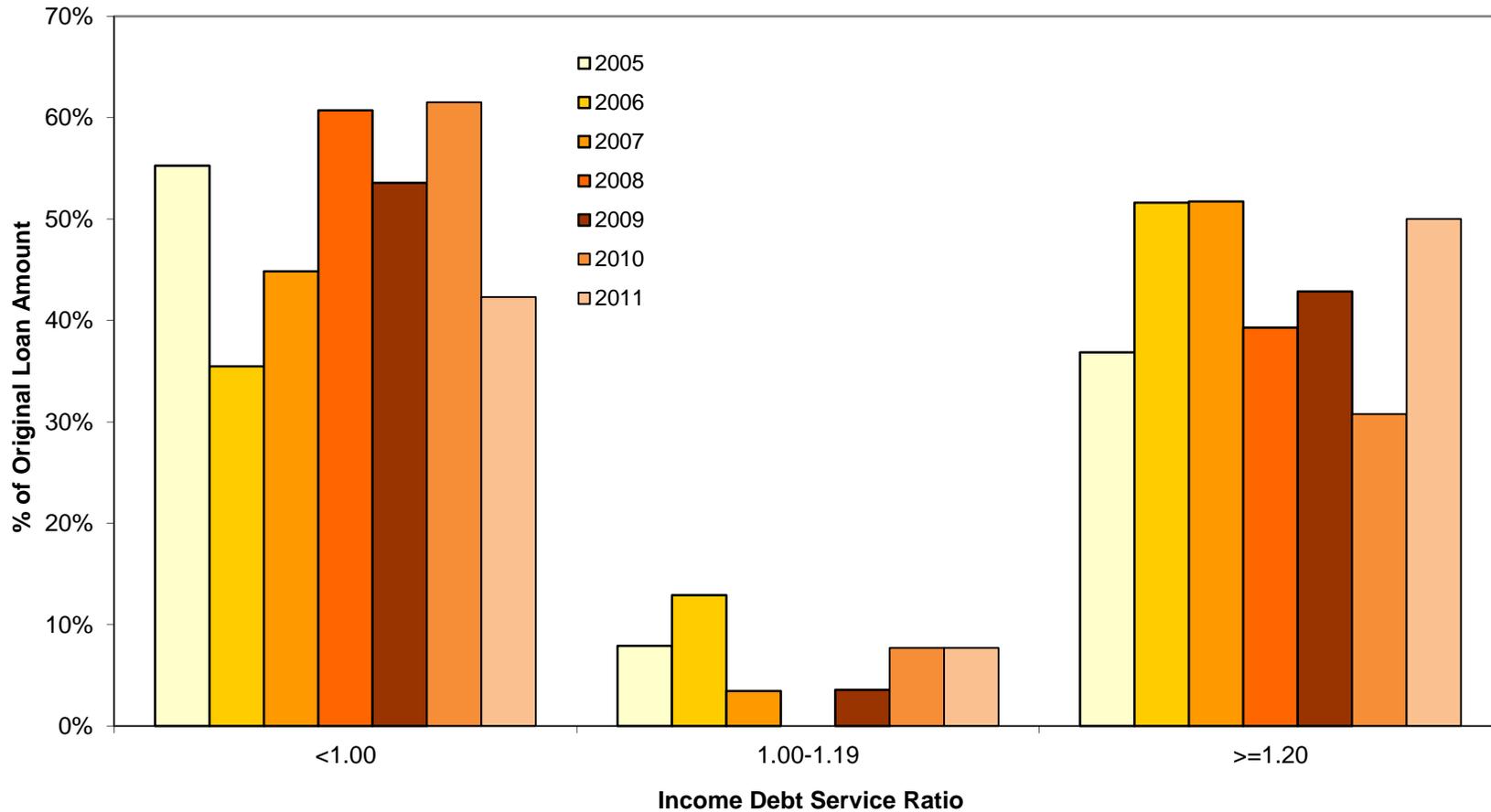
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

SKILLED NURSE FACILITY (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 6.25% Default Rate - New Loans Insured (Expected Scenario)
As of 6/30/2012

| Year | Income from Annual Premium Loans | | | | | Income from Up-front Premium Loans | | | | Cash Inflow from Resolved Loans (10) | Payment on Current Defaults (11) | Payment on Future Default (including Pipeline) (12) | Administrative Expenses (13) | Investment Yield (14) | Investment Income (15) | Net Cash Flow (16) | Cash Balance (17) |
|--------------------|----------------------------------|------------------------------|------------------------------|--|--------------------|------------------------------------|--|--------------------|---|--------------------------------------|----------------------------------|---|------------------------------|-----------------------|------------------------|--------------------|-------------------|
| | Scheduled Amortized Balance (1) | Estimated Default Amount (2) | % Terminated & Refinance (3) | Balance Net of Default and Termination (4) | Premium Income (5) | Issued Amount (6) | Estimated Premium as % of Insured Amount (7) | Premium Income (8) | Certification and Inspection Fee Income (9) | | | | | | | | |
| 7/1/2011-6/30/2012 | | | | 140,550,000 | 826,997 | 55,860,000 | | 2,620,179 | 98,720 | | | | | | | | 172,924,033 |
| 7/1/2012-6/30/2013 | 130,408,124 | 380,084 | 7.8% | 119,885,852 | 651,090 | 361,555,000 | 5.05% | 18,266,589 | 1,425,288 | 531,821 | 12,678,522 | 2,001,039 | 4,856,646 | 0.6% | 1,114,376 | 2,452,957 | 175,376,990 |
| 7/1/2013-6/30/2014 | 119,802,597 | 226,406 | 7.8% | 109,898,810 | 574,462 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 569,321 | 12,649,868 | 4,023,709 | 5,050,912 | 0.8% | 1,380,978 | (8,306,848) | 167,070,141 |
| 7/1/2014-6/30/2015 | 108,629,701 | 81,305 | 5.8% | 101,681,274 | 528,950 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,638,768 | 5,089,598 | 5,252,948 | 1.0% | 1,580,129 | (9,294,571) | 157,775,571 |
| 7/1/2015-6/30/2016 | 97,475,965 | 55,247 | 5.8% | 91,122,413 | 482,009 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,623,468 | 6,268,427 | 5,463,066 | 2.0% | 3,020,743 | (9,274,545) | 148,501,026 |
| 7/1/2016-6/30/2017 | 86,011,111 | 11,082 | 5.8% | 80,312,082 | 428,586 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,635,505 | 6,871,873 | 5,681,589 | 2.1% | 2,931,314 | (10,251,403) | 138,249,623 |
| 7/1/2017-6/30/2018 | 73,872,675 | 0 | 5.8% | 68,877,675 | 372,974 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 1,084,783 | 11,848,125 | 7,276,941 | 5,908,852 | 2.9% | 3,849,237 | (8,834,043) | 129,415,580 |
| 7/1/2018-6/30/2019 | 61,646,576 | 0 | 5.8% | 57,360,690 | 315,596 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 1,084,783 | 11,834,875 | 7,501,111 | 6,145,207 | 3.1% | 3,859,368 | (7,966,956) | 121,448,624 |
| 7/1/2019-6/30/2020 | 49,554,092 | 0 | 5.8% | 45,969,569 | 258,326 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 11,822,000 | 7,694,021 | 6,391,015 | 3.3% | 3,842,845 | (8,966,592) | 112,482,033 |
| 7/1/2020-6/30/2021 | 37,585,365 | 0 | 5.8% | 34,695,029 | 201,661 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 11,808,250 | 7,862,249 | 6,646,655 | 3.5% | 3,733,228 | (9,542,991) | 102,939,041 |
| 7/1/2021-6/30/2022 | 26,254,635 | 0 | 5.8% | 24,021,481 | 146,791 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 7,989,875 | 7,995,716 | 6,912,522 | 3.8% | 3,707,181 | (6,204,867) | 96,734,175 |
| 7/1/2022-6/30/2023 | 15,222,377 | 0 | 5.8% | 13,629,094 | 94,126 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 0 | 8,121,025 | 7,189,022 | 3.8% | 3,667,779 | 1,291,131 | 98,025,306 |
| 7/1/2023-6/30/2024 | 8,676,340 | 0 | 5.8% | 7,462,727 | 52,730 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 8,206,613 | 7,476,583 | 3.8% | 3,711,777 | 2,282,194 | 100,307,500 |
| 7/1/2024-6/30/2025 | 4,927,525 | 0 | 5.8% | 3,931,344 | 28,485 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 8,325,605 | 7,775,647 | 3.7% | 3,707,414 | 1,835,532 | 102,143,031 |
| 7/1/2025-6/30/2026 | 2,752,929 | 0 | 5.8% | 1,882,874 | 14,536 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 8,466,945 | 8,086,673 | 3.9% | 3,917,270 | 1,573,072 | 103,716,103 |
| 7/1/2026-6/30/2027 | 1,314,223 | 0 | 5.8% | 527,613 | 6,026 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 8,625,804 | 8,410,139 | 3.8% | 3,858,859 | 1,029,826 | 104,745,929 |
| 7/1/2027-6/30/2028 | 0 | 0 | 5.8% | 0 | 1,319 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 8,779,489 | 8,746,545 | 3.7% | 3,848,997 | 525,165 | 105,271,094 |
| 7/1/2028-6/30/2029 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 8,943,019 | 9,096,407 | 3.8% | 3,943,274 | 1,466,342 | 106,737,436 |
| 7/1/2029-6/30/2030 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 9,098,940 | 9,460,263 | 4.0% | 4,158,607 | 1,161,898 | 107,899,333 |
| 7/1/2030-6/30/2031 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 9,277,372 | 9,838,674 | 4.2% | 4,459,622 | 906,070 | 108,805,404 |
| 7/1/2031-6/30/2032 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 511,883 | 0 | 9,480,690 | 10,232,221 | 4.5% | 4,807,287 | 583,970 | 109,389,374 |
| 7/1/2032-6/30/2033 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 511,883 | 0 | 9,671,062 | 10,641,509 | 4.8% | 5,146,643 | 323,666 | 109,713,040 |
| 7/1/2033-6/30/2034 | 0 | 0 | 5.8% | 0 | 0 | 300,000,000 | 5.05% | 15,156,689 | 1,182,631 | 511,883 | 0 | 9,852,617 | 11,067,170 | 5.1% | 5,454,558 | 1,385,975 | 111,099,014 |
| 7/1/2034-6/30/2035 | 0 | 0 | 5.8% | 0 | 0 | 300,000,000 | 5.05% | 15,156,689 | 1,182,631 | 511,883 | 0 | 10,029,675 | 11,509,857 | 5.2% | 5,685,776 | 997,447 | 112,096,462 |
| 7/1/2035-6/30/2036 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 511,883 | 0 | 10,229,371 | 11,970,251 | 5.3% | 5,811,593 | 1,824,785 | 113,921,246 |
| 7/1/2036-6/30/2037 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 511,883 | 0 | 10,459,193 | 12,449,061 | 5.2% | 5,827,945 | 1,132,505 | 115,053,752 |
| 7/1/2037-6/30/2038 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 10,708,755 | 12,947,023 | 5.1% | 5,718,697 | 16,812 | 115,070,564 |
| 7/1/2038-6/30/2039 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 10,981,256 | 13,464,904 | 5.2% | 5,823,597 | (668,670) | 114,401,894 |
| 7/1/2039-6/30/2040 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 11,242,174 | 14,003,500 | 5.2% | 5,767,955 | (1,523,826) | 112,878,067 |
| 7/1/2040-6/30/2041 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 11,488,861 | 14,563,640 | 5.2% | 5,667,588 | (2,431,020) | 110,447,047 |
| 7/1/2041-6/30/2042 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 11,710,028 | 15,146,186 | 5.2% | 5,520,058 | (3,382,263) | 107,064,784 |

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 @ 4.00% 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 6.25% Default Rate - No New Loans Insured (Run-Off Scenario)
As of 6/30/2012

Income for Annual Premium Loans

| Year | Scheduled Amortized Balance (1) | Estimated Default Amount (2) | % Terminated & Refinance (3) | Balance Net of Default and Termination (4) | Premium Income (5) | Cash Inflow from Resolved Loans (6) | Payment on Current Default (7) | Payment on Future Default (including Pipeline) (8) | Administrative Expenses (9) | Investment Yield (10) | Investment Income (11) | Net Cash Flow (12) | Cash Balance (13) |
|--------------------|---------------------------------|------------------------------|------------------------------|--|--------------------|-------------------------------------|--------------------------------|--|-----------------------------|-----------------------|------------------------|--------------------|-------------------|
| 7/1/2011-6/30/2012 | | | | 140,550,000 | 826,997 | | | | | | | | 172,924,033 |
| 7/1/2012-6/30/2013 | 130,408,124 | 380,084 | 7.8% | 119,885,852 | 651,090 | 531,821 | 12,678,522 | 1,947,728 | 4,856,646 | 0.6% | 1,051,341 | (17,248,644) | 155,675,389 |
| 7/1/2013-6/30/2014 | 119,802,597 | 226,406 | 7.8% | 109,898,810 | 574,462 | 569,321 | 12,649,868 | 3,727,668 | 4,856,646 | 0.8% | 1,179,314 | (18,911,085) | 136,764,303 |
| 7/1/2014-6/30/2015 | 108,629,701 | 81,305 | 5.8% | 101,681,274 | 528,950 | 684,783 | 12,638,768 | 4,143,215 | 4,856,646 | 1.0% | 1,237,177 | (19,187,719) | 117,576,584 |
| 7/1/2015-6/30/2016 | 97,475,965 | 55,247 | 5.8% | 91,122,413 | 482,009 | 684,783 | 12,623,468 | 4,339,320 | 4,856,646 | 2.0% | 2,136,648 | (18,515,993) | 99,060,591 |
| 7/1/2016-6/30/2017 | 86,011,111 | 11,082 | 5.8% | 80,312,082 | 428,586 | 684,783 | 12,635,505 | 4,083,245 | 4,856,646 | 2.1% | 1,834,881 | (18,627,146) | 80,433,445 |
| 7/1/2017-6/30/2018 | 73,872,675 | 0 | 5.8% | 68,877,675 | 372,974 | 1,084,783 | 11,848,125 | 3,647,988 | 4,856,646 | 2.9% | 2,071,457 | (16,823,544) | 63,609,901 |
| 7/1/2018-6/30/2019 | 61,646,576 | 0 | 5.8% | 57,360,690 | 315,596 | 1,084,783 | 11,834,875 | 3,071,954 | 4,856,646 | 3.1% | 1,700,850 | (16,662,246) | 46,947,655 |
| 7/1/2019-6/30/2020 | 49,554,092 | 0 | 5.8% | 45,969,569 | 258,326 | 584,783 | 11,822,000 | 2,492,870 | 4,856,646 | 3.3% | 1,262,092 | (17,066,316) | 29,881,339 |
| 7/1/2020-6/30/2021 | 37,585,365 | 0 | 5.8% | 34,695,029 | 201,661 | 584,783 | 11,808,250 | 2,012,983 | 4,856,646 | 3.5% | 738,422 | (17,153,013) | 12,728,326 |
| 7/1/2021-6/30/2022 | 26,254,635 | 0 | 5.8% | 24,021,481 | 146,791 | 584,783 | 7,989,875 | 1,577,946 | 4,856,646 | 3.8% | 222,541 | (13,470,352) | (742,026) |
| 7/1/2022-6/30/2023 | 15,222,377 | 0 | 5.8% | 13,629,094 | 94,126 | 584,783 | 0 | 1,183,009 | 4,856,646 | 3.8% | (131,378) | (5,492,123) | (6,234,148) |
| 7/1/2023-6/30/2024 | 8,676,340 | 0 | 5.8% | 7,462,727 | 52,730 | 584,783 | 0 | 871,868 | 4,856,646 | 3.8% | (334,888) | (5,425,889) | (11,660,037) |
| 7/1/2024-6/30/2025 | 4,927,525 | 0 | 5.8% | 3,931,344 | 28,485 | 584,783 | 0 | 612,201 | 4,856,646 | 3.7% | (525,597) | (5,381,176) | (17,041,213) |
| 7/1/2025-6/30/2026 | 2,752,929 | 0 | 5.8% | 1,882,874 | 14,536 | 584,783 | 0 | 401,506 | 4,856,646 | 3.9% | (750,330) | (5,409,163) | (22,450,376) |
| 7/1/2026-6/30/2027 | 1,314,223 | 0 | 5.8% | 527,613 | 6,026 | 584,783 | 0 | 255,591 | 4,856,646 | 3.8% | (932,113) | (5,453,540) | (27,903,916) |
| 7/1/2027-6/30/2028 | 0 | 0 | 5.8% | 0 | 1,319 | 584,783 | 0 | 153,262 | 4,856,646 | 3.7% | (1,124,478) | (5,548,284) | (33,452,200) |
| 7/1/2028-6/30/2029 | 0 | 0 | 5.8% | 0 | 0 | 584,783 | 0 | 85,398 | 4,856,646 | 3.8% | (1,350,558) | (5,707,819) | (39,160,019) |
| 7/1/2029-6/30/2030 | 0 | 0 | 5.8% | 0 | 0 | 584,783 | 0 | 46,318 | 4,856,646 | 4.0% | (1,632,758) | (5,950,938) | (45,110,958) |
| 7/1/2030-6/30/2031 | 0 | 0 | 5.8% | 0 | 0 | 584,783 | 0 | 23,755 | 4,856,646 | 4.2% | (1,985,970) | (6,281,588) | (51,392,546) |
| 7/1/2031-6/30/2032 | 0 | 0 | 5.8% | 0 | 0 | 511,883 | 0 | 11,586 | 4,856,646 | 4.5% | (2,413,729) | (6,770,078) | (58,162,624) |
| 7/1/2032-6/30/2033 | 0 | 0 | 5.8% | 0 | 0 | 511,883 | 0 | 5,391 | 4,856,646 | 4.8% | (2,902,811) | (7,252,965) | (65,415,589) |
| 7/1/2033-6/30/2034 | 0 | 0 | 5.8% | 0 | 0 | 511,883 | 0 | 2,231 | 4,856,646 | 5.1% | (3,423,782) | (7,770,776) | (73,186,365) |
| 7/1/2034-6/30/2035 | 0 | 0 | 5.8% | 0 | 0 | 511,883 | 0 | 810 | 4,856,646 | 5.2% | (3,939,826) | (8,285,399) | (81,471,765) |
| 7/1/2035-6/30/2036 | 0 | 0 | 5.8% | 0 | 0 | 511,883 | 0 | 301 | 4,856,646 | 5.3% | (4,415,015) | (8,760,079) | (90,231,843) |
| 7/1/2036-6/30/2037 | 0 | 0 | 5.8% | 0 | 0 | 511,883 | 0 | 54 | 4,856,646 | 5.2% | (4,826,655) | (9,171,471) | (99,403,315) |
| 7/1/2037-6/30/2038 | 0 | 0 | 5.8% | 0 | 0 | 252,962 | 0 | 0 | 4,856,646 | 5.1% | (5,183,658) | (9,787,342) | (109,190,656) |
| 7/1/2038-6/30/2039 | 0 | 0 | 5.8% | 0 | 0 | 252,962 | 0 | 0 | 4,856,646 | 5.2% | (5,806,311) | (10,409,994) | (119,600,650) |
| 7/1/2039-6/30/2040 | 0 | 0 | 5.8% | 0 | 0 | 252,962 | 0 | 0 | 4,856,646 | 5.2% | (6,348,443) | (10,952,126) | (130,552,777) |
| 7/1/2040-6/30/2041 | 0 | 0 | 5.8% | 0 | 0 | 252,962 | 0 | 0 | 4,856,646 | 5.2% | (6,918,808) | (11,522,491) | (142,075,268) |
| 7/1/2041-6/30/2042 | 0 | 0 | 5.8% | 0 | 0 | 252,962 | 0 | 0 | 4,856,646 | 5.2% | (7,518,877) | (12,122,560) | (154,197,828) |

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) From Section I, Exhibit 5

- (7) From Section I, Exhibit 3
- (8) From Section III, Appendix, Page 4
- (9) Administration expense increase @ 0% per year
- (10) Selected investment yield
- (11) = [0.5 x [(5) + (6) - (7) - (8) - (9)] + prior cash balance] x (10)
- (12) = (5) + (6) - (7) - (8) - (9) + (11)
- (13) = (12) + (13) prior

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis at 8.00% Default Rate - New Loans Insured
As of 6/30/2012

| Income for Annual Premium Loans | | | | | Income from Up-front Premium Loans | | | | Cash Inflow from | | Payment on Future Default | | Investment Yield | Investment Income | Net Cash Flow | Cash Balance | |
|---------------------------------|-----------------------------|--------------------------|--------------------------|--|------------------------------------|---------------|--|----------------|---|----------------|----------------------------|----------------------|------------------|-------------------|---------------|--------------|-------------------------|
| Year | Scheduled Amortized Balance | Estimated Default Amount | % Terminated & Refinance | Balance Net of Default and Termination | Premium Income | Issued Amount | Estimated Premium as % of Insured Amount | Premium Income | Certification and Inspection Fee Income | Resolved Loans | Payment on Current Default | (including Pipeline) | | | | | Administrative Expenses |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | | | | |
| 7/1/2011-6/30/2012 | | | | 140,550,000 | 826,997 | 55,860,000 | | 2,620,179 | 98,720 | | | | | | | | 172,924,033 |
| 7/1/2012-6/30/2013 | 130,408,124 | 380,084 | 7.8% | 119,885,852 | 651,090 | 361,555,000 | 5.05% | 18,266,589 | 1,425,288 | 531,821 | 12,678,522 | 2,561,329 | 4,856,646 | 0.6% | 1,112,577 | 1,890,868 | 174,814,901 |
| 7/1/2013-6/30/2014 | 119,802,597 | 226,406 | 7.8% | 109,898,810 | 574,462 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 569,321 | 12,649,868 | 5,150,348 | 5,050,912 | 0.8% | 1,371,864 | (9,442,600) | 165,372,300 |
| 7/1/2014-6/30/2015 | 108,629,701 | 81,305 | 5.8% | 101,681,274 | 528,950 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,638,768 | 6,514,685 | 5,252,948 | 1.0% | 1,556,565 | (10,743,222) | 154,629,078 |
| 7/1/2015-6/30/2016 | 97,475,965 | 55,247 | 5.8% | 91,122,413 | 482,009 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,623,468 | 8,023,586 | 5,463,066 | 2.0% | 2,940,575 | (11,109,872) | 143,519,206 |
| 7/1/2016-6/30/2017 | 86,011,111 | 11,082 | 5.8% | 80,312,082 | 428,586 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,635,505 | 8,795,997 | 5,681,589 | 2.1% | 2,808,536 | (12,298,305) | 131,220,901 |
| 7/1/2017-6/30/2018 | 73,872,675 | 0 | 5.8% | 68,877,675 | 372,974 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 1,084,783 | 11,848,125 | 9,314,485 | 5,908,852 | 2.9% | 3,614,402 | (11,106,423) | 120,114,478 |
| 7/1/2018-6/30/2019 | 61,646,576 | 0 | 5.8% | 57,360,690 | 315,596 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 1,084,783 | 11,834,875 | 9,601,423 | 6,145,207 | 3.1% | 3,535,898 | (10,390,737) | 109,723,741 |
| 7/1/2019-6/30/2020 | 49,554,092 | 0 | 5.8% | 45,969,569 | 258,326 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 11,822,000 | 9,848,347 | 6,391,015 | 3.3% | 3,415,215 | (11,548,548) | 98,175,193 |
| 7/1/2020-6/30/2021 | 37,585,365 | 0 | 5.8% | 34,695,029 | 201,661 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 11,808,250 | 10,063,679 | 6,646,655 | 3.5% | 3,189,787 | (12,287,862) | 85,887,331 |
| 7/1/2021-6/30/2022 | 26,254,635 | 0 | 5.8% | 24,021,481 | 146,791 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 7,989,875 | 10,234,516 | 6,912,522 | 3.8% | 3,019,678 | (9,131,170) | 76,756,162 |
| 7/1/2022-6/30/2023 | 15,222,377 | 0 | 5.8% | 13,629,094 | 94,126 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 0 | 10,394,912 | 7,189,022 | 3.8% | 2,857,226 | (1,793,309) | 74,962,853 |
| 7/1/2023-6/30/2024 | 8,676,340 | 0 | 5.8% | 7,462,727 | 52,730 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 10,504,465 | 7,476,583 | 3.8% | 2,788,267 | (939,168) | 74,023,685 |
| 7/1/2024-6/30/2025 | 4,927,525 | 0 | 5.8% | 3,931,344 | 28,485 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 10,656,774 | 7,775,647 | 3.7% | 2,683,315 | (1,519,737) | 72,503,948 |
| 7/1/2025-6/30/2026 | 2,752,929 | 0 | 5.8% | 1,882,874 | 14,536 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 10,837,690 | 8,086,673 | 3.9% | 2,717,271 | (1,991,672) | 70,512,276 |
| 7/1/2026-6/30/2027 | 1,314,223 | 0 | 5.8% | 527,613 | 6,026 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 11,041,029 | 8,410,139 | 3.8% | 2,560,845 | (2,683,413) | 67,828,863 |
| 7/1/2027-6/30/2028 | 0 | 0 | 5.8% | 0 | 1,319 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 11,237,746 | 8,746,545 | 3.7% | 2,424,677 | (3,357,411) | 64,471,452 |
| 7/1/2028-6/30/2029 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 11,447,065 | 9,096,407 | 3.8% | 2,349,339 | (2,631,639) | 61,839,813 |
| 7/1/2029-6/30/2030 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 11,646,643 | 9,460,263 | 4.0% | 2,334,104 | (3,210,309) | 58,629,504 |
| 7/1/2030-6/30/2031 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 11,875,036 | 9,838,674 | 4.2% | 2,334,559 | (3,816,657) | 54,812,847 |
| 7/1/2031-6/30/2032 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 511,883 | 0 | 12,135,283 | 10,232,221 | 4.5% | 2,314,747 | (4,563,163) | 50,249,684 |
| 7/1/2032-6/30/2033 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 511,883 | 0 | 12,378,959 | 10,641,509 | 4.8% | 2,236,330 | (5,294,545) | 44,955,139 |
| 7/1/2033-6/30/2034 | 0 | 0 | 5.8% | 0 | 0 | 300,000,000 | 5.05% | 15,156,689 | 1,182,631 | 511,883 | 0 | 12,611,350 | 11,067,170 | 5.1% | 2,104,319 | (4,722,997) | 40,232,142 |
| 7/1/2034-6/30/2035 | 0 | 0 | 5.8% | 0 | 0 | 300,000,000 | 5.05% | 15,156,689 | 1,182,631 | 511,883 | 0 | 12,837,984 | 11,509,857 | 5.2% | 1,907,398 | (5,589,239) | 34,642,903 |
| 7/1/2035-6/30/2036 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 511,883 | 0 | 13,093,595 | 11,970,251 | 5.3% | 1,647,754 | (5,203,278) | 29,439,626 |
| 7/1/2036-6/30/2037 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 511,883 | 0 | 13,387,767 | 12,449,061 | 5.2% | 1,338,636 | (6,285,377) | 23,154,248 |
| 7/1/2037-6/30/2038 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 13,707,206 | 12,947,023 | 5.1% | 958,397 | (7,741,939) | 15,412,309 |
| 7/1/2038-6/30/2039 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 14,056,008 | 13,464,904 | 5.2% | 553,527 | (9,013,492) | 6,398,817 |
| 7/1/2039-6/30/2040 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 14,389,983 | 14,003,500 | 5.2% | 61,401 | (10,378,189) | (3,979,372) |
| 7/1/2040-6/30/2041 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 14,705,743 | 14,563,640 | 5.2% | (501,882) | (11,817,372) | (15,796,744) |
| 7/1/2041-6/30/2042 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 14,988,835 | 15,146,186 | 5.2% | (1,139,848) | (13,320,976) | (29,117,721) |

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.3% 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) Administrative Expenses increase @ 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
As of 6/30/2012

| Income for Annual Premium Loans | | | | | Income from Up-front Premium Loans | | | | Cash Inflow from | | Payment on Future Default | | Investment Yield | Investment Income | Net Cash Flow | Cash Balance | |
|---------------------------------|-----------------------------|--------------------------|--------------------------|--|------------------------------------|---------------|--|----------------|---|----------------|----------------------------|----------------------|------------------|-------------------|---------------|--------------|-------------------------|
| Year | Scheduled Amortized Balance | Estimated Default Amount | % Terminated & Refinance | Balance Net of Default and Termination | Premium Income | Issued Amount | Estimated Premium as % of Insured Amount | Premium Income | Certification and Inspection Fee Income | Resolved Loans | Payment on Current Default | (including Pipeline) | | | | | Administrative Expenses |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) |
| 7/1/2011-6/30/2012 | | | | 140,550,000 | 826,997 | 55,860,000 | | 2,620,179 | 98,720 | | | | | | | | 172,924,033 |
| 7/1/2012-6/30/2013 | 130,408,124 | 380,084 | 7.8% | 119,885,852 | 651,090 | 361,555,000 | 5.05% | 18,266,589 | 1,425,288 | 531,821 | 12,678,522 | 3,201,662 | 4,856,646 | 0.6% | 1,110,522 | 1,248,480 | 174,172,513 |
| 7/1/2013-6/30/2014 | 119,802,597 | 226,406 | 7.8% | 109,898,810 | 574,462 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 569,321 | 12,649,868 | 6,437,935 | 5,050,912 | 0.8% | 1,361,449 | (10,740,603) | 163,431,910 |
| 7/1/2014-6/30/2015 | 108,629,701 | 81,305 | 5.8% | 101,681,274 | 528,950 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,638,768 | 8,143,356 | 5,252,948 | 1.0% | 1,529,635 | (12,398,824) | 151,033,087 |
| 7/1/2015-6/30/2016 | 97,475,965 | 55,247 | 5.8% | 91,122,413 | 482,009 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,623,468 | 10,029,483 | 5,463,066 | 2.0% | 2,848,955 | (13,207,389) | 137,825,697 |
| 7/1/2016-6/30/2017 | 86,011,111 | 11,082 | 5.8% | 80,312,082 | 428,586 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 684,783 | 12,635,505 | 10,994,996 | 5,681,589 | 2.1% | 2,668,218 | (14,637,622) | 123,188,075 |
| 7/1/2017-6/30/2018 | 73,872,675 | 0 | 5.8% | 68,877,675 | 372,974 | 200,000,000 | 5.05% | 10,104,460 | 788,421 | 1,084,783 | 11,848,125 | 11,643,106 | 5,908,852 | 2.9% | 3,346,018 | (13,703,428) | 109,484,647 |
| 7/1/2018-6/30/2019 | 61,646,576 | 0 | 5.8% | 57,360,690 | 315,596 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 1,084,783 | 11,834,875 | 12,001,778 | 6,145,207 | 3.1% | 3,166,218 | (13,160,772) | 96,323,875 |
| 7/1/2019-6/30/2020 | 49,554,092 | 0 | 5.8% | 45,969,569 | 258,326 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 11,822,000 | 12,310,434 | 6,391,015 | 3.3% | 2,926,494 | (14,499,355) | 81,824,520 |
| 7/1/2020-6/30/2021 | 37,585,365 | 0 | 5.8% | 34,695,029 | 201,661 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 11,808,250 | 12,579,599 | 6,646,655 | 3.5% | 2,568,712 | (15,424,857) | 66,399,663 |
| 7/1/2021-6/30/2022 | 26,254,635 | 0 | 5.8% | 24,021,481 | 146,791 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 7,989,875 | 12,793,146 | 6,912,522 | 3.8% | 2,233,961 | (12,475,516) | 53,924,147 |
| 7/1/2022-6/30/2023 | 15,222,377 | 0 | 5.8% | 13,629,094 | 94,126 | 225,000,000 | 5.05% | 11,367,517 | 886,974 | 584,783 | 0 | 12,993,640 | 7,189,022 | 3.8% | 1,930,879 | (5,318,383) | 48,605,763 |
| 7/1/2023-6/30/2024 | 8,676,340 | 0 | 5.8% | 7,462,727 | 52,730 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 13,130,581 | 7,476,583 | 3.8% | 1,732,827 | (4,620,725) | 43,985,039 |
| 7/1/2024-6/30/2025 | 4,927,525 | 0 | 5.8% | 3,931,344 | 28,485 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 13,320,968 | 7,775,647 | 3.7% | 1,512,917 | (5,354,329) | 38,630,710 |
| 7/1/2025-6/30/2026 | 2,752,929 | 0 | 5.8% | 1,882,874 | 14,536 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 13,547,112 | 8,086,673 | 3.9% | 1,352,701 | (6,065,664) | 32,565,046 |
| 7/1/2026-6/30/2027 | 1,314,223 | 0 | 5.8% | 527,613 | 6,026 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 13,801,286 | 8,410,139 | 3.8% | 1,077,400 | (6,927,115) | 25,637,930 |
| 7/1/2027-6/30/2028 | 0 | 0 | 5.8% | 0 | 1,319 | 250,000,000 | 5.05% | 12,630,574 | 985,526 | 584,783 | 0 | 14,047,183 | 8,746,545 | 3.7% | 796,883 | (7,794,642) | 17,843,288 |
| 7/1/2028-6/30/2029 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 14,308,831 | 9,096,407 | 3.8% | 527,699 | (7,315,045) | 10,528,244 |
| 7/1/2029-6/30/2030 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 14,558,304 | 9,460,263 | 4.0% | 248,958 | (6,207,116) | 2,321,128 |
| 7/1/2030-6/30/2031 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 584,783 | 0 | 14,843,795 | 9,838,674 | 4.2% | (94,084) | (9,214,060) | (6,892,932) |
| 7/1/2031-6/30/2032 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 511,883 | 0 | 15,169,104 | 10,232,221 | 4.5% | (533,870) | (10,445,601) | (17,338,532) |
| 7/1/2032-6/30/2033 | 0 | 0 | 5.8% | 0 | 0 | 275,000,000 | 5.05% | 13,893,632 | 1,084,079 | 511,883 | 0 | 15,473,698 | 10,641,509 | 4.8% | (1,089,743) | (11,715,357) | (29,053,889) |
| 7/1/2033-6/30/2034 | 0 | 0 | 5.8% | 0 | 0 | 300,000,000 | 5.05% | 15,156,689 | 1,182,631 | 511,883 | 0 | 15,764,188 | 11,067,170 | 5.1% | (1,724,526) | (11,704,679) | (40,758,568) |
| 7/1/2034-6/30/2035 | 0 | 0 | 5.8% | 0 | 0 | 300,000,000 | 5.05% | 15,156,689 | 1,182,631 | 511,883 | 0 | 16,047,481 | 11,509,857 | 5.2% | (2,410,747) | (13,116,880) | (53,875,449) |
| 7/1/2035-6/30/2036 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 511,883 | 0 | 16,366,994 | 11,970,251 | 5.3% | (3,110,919) | (13,235,350) | (67,110,798) |
| 7/1/2036-6/30/2037 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 511,883 | 0 | 16,734,708 | 12,449,061 | 5.2% | (3,792,002) | (14,762,958) | (81,873,756) |
| 7/1/2037-6/30/2038 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 17,134,008 | 12,947,023 | 5.1% | (4,481,946) | (16,609,084) | (98,482,840) |
| 7/1/2038-6/30/2039 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 17,570,009 | 13,464,904 | 5.2% | (5,469,410) | (18,550,431) | (117,033,271) |
| 7/1/2039-6/30/2040 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 17,987,479 | 14,003,500 | 5.2% | (6,460,375) | (20,497,461) | (137,530,732) |
| 7/1/2040-6/30/2041 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 18,382,178 | 14,563,640 | 5.2% | (7,552,706) | (22,544,631) | (160,075,363) |
| 7/1/2041-6/30/2042 | 0 | 0 | 5.8% | 0 | 0 | 325,000,000 | 5.05% | 16,419,747 | 1,281,184 | 252,962 | 0 | 18,736,044 | 15,146,186 | 5.2% | (8,751,169) | (24,679,506) | (184,754,869) |

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.3% 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) Administrative Expenses increase @ 4% per year
- (14) Selected Investment Yield
- (15) = [0.5 x [(5) + (8) + (9) + (10) - (11) - (12) - (13)] + prior cash balance] x (14)
- (16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15)
- (17) = (16) + (17) prior

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

**Estimate of Cal-Mortgage's Default Rate
As of 6/30/2012**

| | Based on Industry Loss Experience | Cal-Mortgage | |
|--|---|--------------------|--------------------|
| | | Including Triad | Excluding Triad |
| (1) Selected Hospitals Default Rate | 1.25% | | |
| (2) Cal-Mortgage's Hospitals In-Force Original Loan Amount | 1,077,599,359 | | |
| (3) Selected Nursing Homes Default Rate | 11.50% | | |
| (4) Cal-Mortgage's Nursing Homes In-Force Original Loan Amount | 942,980,000 | | |
| (5) Combined Cal-Mortgage's Hospitals and Nursing Homes Default Rate | 6.03% | 5.57% | 2.56% |
| (6) 2010 Selected Default Rate | 6.50% | | |
| (7) New Selected Default Rate | 6.25% | | |
| (8) Original Loan Amount Default as of 6/30/2012 - Expected vs. Actual | 253,011,983 | 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) x (2) + (3) x (4)] / [(2) + (4)]
- (6) From Cal-Mortgage Analysis at 6/30/10
- (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
As of 6/30/2012**

| Issue Year | Exposure Base | Actual Original Loan Balance Default Rate | Development Method Ultimate | Bornhuetter-Ferguson Method Ultimate | Selected Ultimate Default Rate |
|------------------------------|---------------|---|-----------------------------|--------------------------------------|--------------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| 1981 | 4,606,300 | 1.96% | 1.96% | 1.96% | 1.96% |
| 1982 | 8,153,200 | 1.22% | 1.22% | 1.22% | 1.22% |
| 1983 | 8,817,100 | 0.31% | 0.31% | 0.31% | 0.31% |
| 1984 | 7,589,500 | 0.29% | 0.29% | 0.29% | 0.29% |
| 1985 | 23,821,200 | 1.08% | 1.08% | 1.08% | 1.08% |
| 1986 | 7,184,300 | 3.94% | 3.94% | 3.94% | 3.94% |
| 1987 | 11,121,100 | 1.92% | 1.92% | 1.92% | 1.92% |
| 1988 | 10,757,500 | 0.49% | 0.49% | 0.49% | 0.49% |
| 1989 | 13,397,300 | 0.65% | 0.65% | 0.65% | 0.65% |
| 1990 | 12,003,000 | 0.82% | 0.82% | 0.82% | 0.82% |
| 1991 | 15,968,000 | 2.81% | 2.81% | 2.81% | 2.81% |
| 1992 | 20,414,100 | 2.82% | 2.82% | 2.82% | 2.82% |
| 1993 | 29,001,500 | 1.96% | 1.96% | 1.96% | 1.96% |
| 1994 | 13,536,700 | 1.14% | 1.14% | 1.14% | 1.14% |
| 1995 | 11,442,100 | 0.51% | 0.51% | 0.51% | 0.51% |
| 1996 | 16,356,200 | 3.36% | 3.38% | 3.37% | 3.37% |
| 1997 | 22,036,300 | 0.92% | 0.93% | 0.94% | 0.93% |
| 1998 | 33,623,500 | 0.65% | 0.67% | 0.68% | 0.67% |
| 1999 | 21,678,800 | 0.44% | 0.46% | 0.49% | 0.47% |
| 2000 | 14,147,100 | 0.10% | 0.11% | 0.18% | 0.14% |
| 2001 | 20,232,300 | 0.02% | 0.03% | 0.14% | 0.09% |
| 2002 | 21,982,400 | 0.43% | 0.49% | 0.60% | 0.55% |
| 2003 | 25,228,700 | 1.74% | 2.16% | 1.98% | 2.07% |
| 2004 | 25,692,900 | 0.13% | 0.17% | 0.43% | 0.30% |
| 2005 | 34,127,000 | 0.31% | 0.47% | 0.74% | 0.60% |
| 2006 | 32,718,600 | 0.17% | 0.30% | 0.71% | 0.51% |
| 2007 | 41,009,900 | 1.88% | 4.10% | 2.56% | 3.33% |
| 2008 | 58,165,000 | 0.15% | 0.43% | 0.96% | 0.96% |
| 2009 | 43,812,200 | | | 1.01% | 1.25% |
| 2010 | 28,223,400 | | | 1.17% | 1.25% |
| 2011 | 22,644,500 | | | 1.23% | 1.25% |
| Weighted Average All Years | | | | | 1.27% |
| Weighted Average 1981-2004 | | | | | 1.22% |
| Weighted Average 1990-2008 | | | | | 1.29% |
| Arithmetic Average All Years | | | | | 1.28% |
| Arithmetic Average 1981-2004 | | | | | 1.27% |
| Arithmetic Average 1990-2008 | | | | | 1.27% |
| Prior Selection | | | | | 1.20% |
| (6) Selected Default Rate | | | | | 1.25% |

Notes:

- (1) From Thomson Reuters
- (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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Loss Development Method
As of 6/30/2012

| Issue Year | Age | Exposure Base (1) | Default Original Loan Balance To date (2) | Cumulative Reported Development Factor (3) | Estimated Ultimate (4) | Indicated Default Rate (5) |
|------------|-----|----------------------|--|---|---------------------------|-------------------------------|
| 1981 | 372 | 4,606,300 | 90,265 | 1.000 | 90,265 | 1.96% |
| 1982 | 360 | 8,153,200 | 99,175 | 1.000 | 99,175 | 1.22% |
| 1983 | 348 | 8,817,100 | 27,695 | 1.000 | 27,695 | 0.31% |
| 1984 | 336 | 7,589,500 | 22,080 | 1.000 | 22,080 | 0.29% |
| 1985 | 324 | 23,821,200 | 256,375 | 1.000 | 256,375 | 1.08% |
| 1986 | 312 | 7,184,300 | 283,110 | 1.000 | 283,110 | 3.94% |
| 1987 | 300 | 11,121,100 | 213,773 | 1.000 | 213,773 | 1.92% |
| 1988 | 288 | 10,757,500 | 52,767 | 1.000 | 52,767 | 0.49% |
| 1989 | 276 | 13,397,300 | 87,235 | 1.000 | 87,235 | 0.65% |
| 1990 | 264 | 12,003,000 | 98,575 | 1.000 | 98,575 | 0.82% |
| 1991 | 252 | 15,968,000 | 449,495 | 1.000 | 449,495 | 2.81% |
| 1992 | 240 | 20,414,100 | 575,694 | 1.000 | 575,694 | 2.82% |
| 1993 | 228 | 29,001,500 | 567,375 | 1.000 | 567,375 | 1.96% |
| 1994 | 216 | 13,536,700 | 154,750 | 1.000 | 154,750 | 1.14% |
| 1995 | 204 | 11,442,100 | 58,135 | 1.000 | 58,135 | 0.51% |
| 1996 | 192 | 16,356,200 | 549,580 | 1.005 | 552,328 | 3.38% |
| 1997 | 180 | 22,036,300 | 203,385 | 1.011 | 205,628 | 0.93% |
| 1998 | 168 | 33,623,500 | 219,215 | 1.021 | 223,849 | 0.67% |
| 1999 | 156 | 21,678,800 | 94,875 | 1.042 | 98,818 | 0.46% |
| 2000 | 144 | 14,147,100 | 13,950 | 1.073 | 14,966 | 0.11% |
| 2001 | 132 | 20,232,300 | 5,035 | 1.105 | 5,564 | 0.03% |
| 2002 | 120 | 21,982,400 | 94,145 | 1.155 | 108,711 | 0.49% |
| 2003 | 108 | 25,228,700 | 440,090 | 1.236 | 543,753 | 2.16% |
| 2004 | 96 | 25,692,900 | 32,680 | 1.322 | 43,204 | 0.17% |
| 2005 | 84 | 34,127,000 | 105,420 | 1.520 | 160,275 | 0.47% |
| 2006 | 72 | 32,718,600 | 56,915 | 1.748 | 99,510 | 0.30% |
| 2007 | 60 | 41,009,900 | 769,948 | 2.185 | 1,682,717 | 4.10% |
| 2008 | 48 | 58,165,000 | 88,500 | 2.841 | 251,441 | 0.43% |
| 2009 | 36 | 43,812,200 | 0 | 5.256 | | |
| 2010 | 24 | 28,223,400 | 0 | 15.768 | | |
| 2011 | 12 | 22,644,500 | 0 | 78.842 | | |

| | |
|------------------------------|-------|
| Weighted Average 1981-2008 | 1.24% |
| Weighted Average 1990-2004 | 1.22% |
| Weighted Average 1986-2004 | 1.25% |
| Arithmetic Average 1981-2008 | 1.27% |
| Arithmetic Average 1990-2004 | 1.23% |
| Arithmetic Average 1986-2004 | 1.34% |
| Prior Selected | 1.20% |

(6) Selected A Priori Default Rate

Notes:

- (1) From Thomson Reuters
- (2) From Income Securities Advisors
- (3) Based on the selected development factors
- (4) = (2) x (3)
- (5) = (4) / (1)
- (6) Selected

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Bornhuetter-Ferguson Method
As of 6/30/2012

| Issue Year | Exposure Base | A Priori Default Rate | A Priori Defaulting Loan Balance | Expected % Unreported | Expected Unreported Defaulted Loan Balance | Expected Reported Defaulted Loan Balance | Default Original Loan Balance To date | Estimated Ultimate | Indicated Default Rate |
|--------------|--------------------|-----------------------|----------------------------------|-----------------------|--|--|---------------------------------------|--------------------|------------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1981 | 4,606,300 | 1.25% | 57,579 | 0.0% | 0 | 57,579 | 90,265 | 90,265 | 1.96% |
| 1982 | 8,153,200 | 1.25% | 101,915 | 0.0% | 0 | 101,915 | 99,175 | 99,175 | 1.22% |
| 1983 | 8,817,100 | 1.25% | 110,214 | 0.0% | 0 | 110,214 | 27,695 | 27,695 | 0.31% |
| 1984 | 7,589,500 | 1.25% | 94,869 | 0.0% | 0 | 94,869 | 22,080 | 22,080 | 0.29% |
| 1985 | 23,821,200 | 1.25% | 297,765 | 0.0% | 0 | 297,765 | 256,375 | 256,375 | 1.08% |
| 1986 | 7,184,300 | 1.25% | 89,804 | 0.0% | 0 | 89,804 | 283,110 | 283,110 | 3.94% |
| 1987 | 11,121,100 | 1.25% | 139,014 | 0.0% | 0 | 139,014 | 213,773 | 213,773 | 1.92% |
| 1988 | 10,757,500 | 1.25% | 134,469 | 0.0% | 0 | 134,469 | 52,767 | 52,767 | 0.49% |
| 1989 | 13,397,300 | 1.25% | 167,466 | 0.0% | 0 | 167,466 | 87,235 | 87,235 | 0.65% |
| 1990 | 12,003,000 | 1.25% | 150,038 | 0.0% | 0 | 150,038 | 98,575 | 98,575 | 0.82% |
| 1991 | 15,968,000 | 1.25% | 199,600 | 0.0% | 0 | 199,600 | 449,495 | 449,495 | 2.81% |
| 1992 | 20,414,100 | 1.25% | 255,176 | 0.0% | 0 | 255,176 | 575,694 | 575,694 | 2.82% |
| 1993 | 29,001,500 | 1.25% | 362,519 | 0.0% | 0 | 362,519 | 567,375 | 567,375 | 1.96% |
| 1994 | 13,536,700 | 1.25% | 169,209 | 0.0% | 0 | 169,209 | 154,750 | 154,750 | 1.14% |
| 1995 | 11,442,100 | 1.25% | 143,026 | 0.0% | 0 | 143,026 | 58,135 | 58,135 | 0.51% |
| 1996 | 16,356,200 | 1.25% | 204,453 | 0.5% | 1,017 | 203,435 | 549,580 | 550,597 | 3.37% |
| 1997 | 22,036,300 | 1.25% | 275,454 | 1.1% | 3,005 | 272,449 | 203,385 | 206,390 | 0.94% |
| 1998 | 33,623,500 | 1.25% | 420,294 | 2.1% | 8,701 | 411,593 | 219,215 | 227,916 | 0.68% |
| 1999 | 21,678,800 | 1.25% | 270,985 | 4.0% | 10,814 | 260,171 | 94,875 | 105,689 | 0.49% |
| 2000 | 14,147,100 | 1.25% | 176,839 | 6.8% | 12,002 | 164,837 | 13,950 | 25,952 | 0.18% |
| 2001 | 20,232,300 | 1.25% | 252,904 | 9.5% | 24,030 | 228,873 | 5,035 | 29,065 | 0.14% |
| 2002 | 21,982,400 | 1.25% | 274,780 | 13.4% | 36,817 | 237,963 | 94,145 | 130,962 | 0.60% |
| 2003 | 25,228,700 | 1.25% | 315,359 | 19.1% | 60,121 | 255,238 | 440,090 | 500,211 | 1.98% |
| 2004 | 25,692,900 | 1.25% | 321,161 | 24.4% | 78,232 | 242,929 | 32,680 | 110,912 | 0.43% |
| 2005 | 34,127,000 | 1.25% | 426,588 | 34.2% | 146,001 | 280,586 | 105,420 | 251,421 | 0.74% |
| 2006 | 32,718,600 | 1.25% | 408,983 | 42.8% | 175,064 | 233,919 | 56,915 | 231,979 | 0.71% |
| 2007 | 41,009,900 | 1.25% | 512,624 | 54.2% | 278,066 | 234,557 | 769,948 | 1,048,014 | 2.56% |
| 2008 | 58,165,000 | 1.25% | 727,063 | 64.8% | 471,157 | 255,905 | 88,500 | 559,657 | 0.96% |
| 2009 | 43,812,200 | 1.25% | 547,653 | 81.0% | 443,459 | 104,193 | 0 | 443,459 | 1.01% |
| 2010 | 28,223,400 | 1.25% | 352,793 | 93.7% | 330,419 | 22,373 | 0 | 330,419 | 1.17% |
| 2011 | 22,644,500 | 1.25% | 283,056 | 98.7% | 279,466 | 3,590 | 0 | 279,466 | 1.23% |
| Total | 659,491,700 | | 8,243,646 | | 2,358,373 | 5,885,273 | 5,710,237 | 8,068,610 | 1.22% |

Notes:

- (1) From Thomson Reuters
- (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
As of 6/30/2012

| Issue Year | Exposure Base | Actual Original Loan Balance Default Rate | Development Method Ultimate | Bornhuetter-Ferguson Method Ultimate | Selected Ultimate Default Rate |
|------------|---------------|---|-----------------------------|--------------------------------------|--------------------------------|
| | (1) | (2) | (3) | (4) | (5) |
| 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 | 40.11% | 40.11% | 40.11% | 40.11% |
| 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 | 10.60% | 10.60% | 10.60% | 10.60% |
| 1991 | 1,538,500 | 2.23% | 2.23% | 2.23% | 2.23% |
| 1992 | 2,429,300 | 5.02% | 5.02% | 5.02% | 5.02% |
| 1993 | 2,515,600 | 9.17% | 9.17% | 9.17% | 9.17% |
| 1994 | 2,427,400 | 11.48% | 11.48% | 11.48% | 11.48% |
| 1995 | 1,986,300 | 14.27% | 14.27% | 14.27% | 14.27% |
| 1996 | 3,040,500 | 10.33% | 10.38% | 10.39% | 10.39% |
| 1997 | 3,523,600 | 8.96% | 9.06% | 9.08% | 9.07% |
| 1998 | 5,077,800 | 9.61% | 9.81% | 9.84% | 9.82% |
| 1999 | 4,981,900 | 7.53% | 7.85% | 7.97% | 7.91% |
| 2000 | 2,876,400 | 5.42% | 5.82% | 6.17% | 5.99% |
| 2001 | 2,919,300 | 6.06% | 6.70% | 7.11% | 6.90% |
| 2002 | 3,787,200 | 3.16% | 3.65% | 4.63% | 4.14% |
| 2003 | 3,228,400 | 3.16% | 3.90% | 5.26% | 4.58% |
| 2004 | 3,222,300 | 8.32% | 11.00% | 11.00% | 11.00% |
| 2005 | 4,276,300 | 1.30% | 1.98% | 5.07% | 5.07% |
| 2006 | 6,010,800 | 1.29% | 2.25% | 6.00% | 6.00% |
| 2007 | 7,837,300 | 0.77% | 1.67% | 6.73% | 6.73% |
| 2008 | 2,498,700 | 3.91% | 11.12% | 11.04% | 11.04% |
| 2009 | 1,946,300 | | | 8.91% | 11.00% |
| 2010 | 2,732,000 | 1.00% | 15.84% | 11.31% | 11.00% |
| 2011 | 1,217,200 | 4.05% | 319.62% | 14.91% | 11.00% |

| | |
|------------------------------|--------|
| Weighted Average All Years | 9.63% |
| Weighted Average 1981-2004 | 10.61% |
| Weighted Average 1990-2008 | 7.70% |
| Arithmetic Average All Years | 13.99% |
| Arithmetic Average 1981-2004 | 15.49% |
| Arithmetic Average 1990-2008 | 7.97% |
| Prior Selection | 12.00% |

(6) Selected Default Rate 11.50%

Notes:

- (1) From Thomson Reuters
- (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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Loss Development Method
As of 6/30/2012**

| Issue Year | Age | Exposure Base (1) | Default Original Loan Balance To date (2) | Cumulative Reported Development Factor (3) | Estimated Ultimate (4) | Indicated Default Rate (5) |
|------------|-----|----------------------|--|---|---------------------------|-------------------------------|
| 1981 | 372 | 392,300 | 145,510 | 1.000 | 145,510 | 37.09% |
| 1982 | 360 | 838,700 | 336,905 | 1.000 | 336,905 | 40.17% |
| 1983 | 348 | 795,000 | 431,865 | 1.000 | 431,865 | 54.32% |
| 1984 | 336 | 739,700 | 296,730 | 1.000 | 296,730 | 40.11% |
| 1985 | 324 | 1,160,300 | 304,695 | 1.000 | 304,695 | 26.26% |
| 1986 | 312 | 772,800 | 188,525 | 1.000 | 188,525 | 24.40% |
| 1987 | 300 | 914,300 | 122,905 | 1.000 | 122,905 | 13.44% |
| 1988 | 288 | 1,451,700 | 124,475 | 1.000 | 124,475 | 8.57% |
| 1989 | 276 | 1,561,600 | 74,310 | 1.000 | 74,310 | 4.76% |
| 1990 | 264 | 1,678,600 | 177,945 | 1.000 | 177,945 | 10.60% |
| 1991 | 252 | 1,538,500 | 34,275 | 1.000 | 34,275 | 2.23% |
| 1992 | 240 | 2,429,300 | 121,900 | 1.000 | 121,900 | 5.02% |
| 1993 | 228 | 2,515,600 | 230,606 | 1.000 | 230,606 | 9.17% |
| 1994 | 216 | 2,427,400 | 278,695 | 1.000 | 278,695 | 11.48% |
| 1995 | 204 | 1,986,300 | 283,515 | 1.000 | 283,515 | 14.27% |
| 1996 | 192 | 3,040,500 | 314,154 | 1.005 | 315,725 | 10.38% |
| 1997 | 180 | 3,523,600 | 315,725 | 1.011 | 319,207 | 9.06% |
| 1998 | 168 | 5,077,800 | 487,886 | 1.021 | 498,200 | 9.81% |
| 1999 | 156 | 4,981,900 | 375,335 | 1.042 | 390,935 | 7.85% |
| 2000 | 144 | 2,876,400 | 155,980 | 1.073 | 167,337 | 5.82% |
| 2001 | 132 | 2,919,300 | 176,945 | 1.105 | 195,523 | 6.70% |
| 2002 | 120 | 3,787,200 | 119,630 | 1.155 | 138,139 | 3.65% |
| 2003 | 108 | 3,228,400 | 102,025 | 1.236 | 126,057 | 3.90% |
| 2004 | 96 | 3,222,300 | 268,095 | 1.322 | 354,432 | 11.00% |
| 2005 | 84 | 4,276,300 | 55,640 | 1.520 | 84,592 | 1.98% |
| 2006 | 72 | 6,010,800 | 77,450 | 1.748 | 135,413 | 2.25% |
| 2007 | 60 | 7,837,300 | 59,973 | 2.185 | 131,071 | 1.67% |
| 2008 | 48 | 2,498,700 | 97,804 | 2.841 | 277,875 | 11.12% |
| 2009 | 36 | 1,946,300 | 0 | 5.256 | | |
| 2010 | 24 | 2,732,000 | 27,450 | 15.768 | 432,841 | 15.84% |
| 2011 | 12 | 1,217,200 | 49,345 | 78.842 | 3,890,443 | 319.62% |

| | |
|------------------------------|--------|
| Weighted Average 1981-2008 | 8.44% |
| Weighted Average 1990-2004 | 8.03% |
| Weighted Average 1986-2004 | 8.30% |
| Arithmetic Average 1981-2008 | 13.82% |
| Arithmetic Average 1990-2004 | 8.06% |
| Arithmetic Average 1986-2004 | 9.06% |
| Prior Selected | 12.00% |

Notes:

- (1) From Thomson Reuters
- (2) From Income Securities Advisors
- (3) Based on the selected development factors
- (4) = (2) x (3)
- (5) = (4) / (1)
- (6) Selected

(6) Selected A Priori Default Rate 11.00%

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Bornhuetter-Ferguson Method
As of 6/30/2012

| Issue Year | Exposure Base | A Priori Default Rate | A Priori Defaulting Loan Balance | Expected % Unreported | Expected Unreported Defaulted Loan Balance | Expected Reported Defaulted Loan Balance | Default Original Loan Balance To date | Estimated Ultimate | Indicated Default Rate |
|--------------|-------------------|-----------------------|----------------------------------|-----------------------|--|--|---------------------------------------|--------------------|------------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1981 | 392,300 | 11.00% | 43,153 | 0.0% | 0 | 43,153 | 145,510 | 145,510 | 37.09% |
| 1982 | 838,700 | 11.00% | 92,257 | 0.0% | 0 | 92,257 | 336,905 | 336,905 | 40.17% |
| 1983 | 795,000 | 11.00% | 87,450 | 0.0% | 0 | 87,450 | 431,865 | 431,865 | 54.32% |
| 1984 | 739,700 | 11.00% | 81,367 | 0.0% | 0 | 81,367 | 296,730 | 296,730 | 40.11% |
| 1985 | 1,160,300 | 11.00% | 127,633 | 0.0% | 0 | 127,633 | 304,695 | 304,695 | 26.26% |
| 1986 | 772,800 | 11.00% | 85,008 | 0.0% | 0 | 85,008 | 188,525 | 188,525 | 24.40% |
| 1987 | 914,300 | 11.00% | 100,573 | 0.0% | 0 | 100,573 | 122,905 | 122,905 | 13.44% |
| 1988 | 1,451,700 | 11.00% | 159,687 | 0.0% | 0 | 159,687 | 124,475 | 124,475 | 8.57% |
| 1989 | 1,561,600 | 11.00% | 171,776 | 0.0% | 0 | 171,776 | 74,310 | 74,310 | 4.76% |
| 1990 | 1,678,600 | 11.00% | 184,646 | 0.0% | 0 | 184,646 | 177,945 | 177,945 | 10.60% |
| 1991 | 1,538,500 | 11.00% | 169,235 | 0.0% | 0 | 169,235 | 34,275 | 34,275 | 2.23% |
| 1992 | 2,429,300 | 11.00% | 267,223 | 0.0% | 0 | 267,223 | 121,900 | 121,900 | 5.02% |
| 1993 | 2,515,600 | 11.00% | 276,716 | 0.0% | 0 | 276,716 | 230,606 | 230,606 | 9.17% |
| 1994 | 2,427,400 | 11.00% | 267,014 | 0.0% | 0 | 267,014 | 278,695 | 278,695 | 11.48% |
| 1995 | 1,986,300 | 11.00% | 218,493 | 0.0% | 0 | 218,493 | 283,515 | 283,515 | 14.27% |
| 1996 | 3,040,500 | 11.00% | 334,455 | 0.5% | 1,664 | 332,791 | 314,154 | 315,818 | 10.39% |
| 1997 | 3,523,600 | 11.00% | 387,596 | 1.1% | 4,229 | 383,367 | 315,725 | 319,954 | 9.08% |
| 1998 | 5,077,800 | 11.00% | 558,558 | 2.1% | 11,564 | 546,994 | 487,886 | 499,450 | 9.84% |
| 1999 | 4,981,900 | 11.00% | 548,009 | 4.0% | 21,868 | 526,141 | 375,335 | 397,203 | 7.97% |
| 2000 | 2,876,400 | 11.00% | 316,404 | 6.8% | 21,474 | 294,930 | 155,980 | 177,454 | 6.17% |
| 2001 | 2,919,300 | 11.00% | 321,123 | 9.5% | 30,512 | 290,611 | 176,945 | 207,457 | 7.11% |
| 2002 | 3,787,200 | 11.00% | 416,592 | 13.4% | 55,819 | 360,773 | 119,630 | 175,449 | 4.63% |
| 2003 | 3,228,400 | 11.00% | 355,124 | 19.1% | 67,702 | 287,422 | 102,025 | 169,727 | 5.26% |
| 2004 | 3,222,300 | 11.00% | 354,453 | 24.4% | 86,342 | 268,111 | 268,095 | 354,437 | 11.00% |
| 2005 | 4,276,300 | 11.00% | 470,393 | 34.2% | 160,994 | 309,399 | 55,640 | 216,634 | 5.07% |
| 2006 | 6,010,800 | 11.00% | 661,188 | 42.8% | 283,019 | 378,169 | 77,450 | 360,469 | 6.00% |
| 2007 | 7,837,300 | 11.00% | 862,103 | 54.2% | 467,637 | 394,466 | 59,973 | 527,610 | 6.73% |
| 2008 | 2,498,700 | 11.00% | 274,857 | 64.8% | 178,115 | 96,742 | 97,804 | 275,919 | 11.04% |
| 2009 | 1,946,300 | 11.00% | 214,093 | 81.0% | 173,361 | 40,732 | 0 | 173,361 | 8.91% |
| 2010 | 2,732,000 | 11.00% | 300,520 | 93.7% | 281,462 | 19,058 | 27,450 | 308,912 | 11.31% |
| 2011 | 1,217,200 | 11.00% | 133,892 | 98.7% | 132,194 | 1,698 | 49,345 | 181,539 | 14.91% |
| Total | 80,378,100 | | 8,841,591 | | 1,977,955 | 6,863,636 | 5,836,293 | 7,814,248 | 9.72% |

Notes:

- (1) From Thomson Reuters
- (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**

**Estimate of Cal-Mortgage's Loss Severity
As of 6/30/2012**

| Facility Type | Income Securities | Actual Cal-Mortgage Experience | Prior Selected | Selected |
|---------------|-------------------|--------------------------------------|----------------|--------------|
| | Advisors Data | (Including Triad) | | |
| | (1) | (2) | (3) | (4) |
| Hospitals | 65.3% | N/A | N/A | N/A |
| Nursing Home | 63.5% | N/A | N/A | N/A |
| Total | 64.4% | 66.9% | 60.0% | 62.0% |

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

**Estimate of Cal-Mortgage's Cumulative Loss Payment Pattern
 As of 6/30/2012**

| Years From Default | Income Securities Advisors Data | Previous Selection | Selected |
|-----------------------|------------------------------------|-----------------------|----------|
| 0 | 27.2% | 30.0% | 30.0% |
| 1 | 59.8% | 60.0% | 60.0% |
| 2 | 71.8% | 75.0% | 73.0% |
| 3 | 86.2% | 85.0% | 85.0% |
| 4 | 91.3% | 94.0% | 92.0% |
| 5 | 95.4% | 98.0% | 96.0% |
| 6 | 97.3% | 100.0% | 98.0% |
| 7 | 98.8% | 100.0% | 99.0% |
| 8 | 99.3% | 100.0% | 99.5% |
| 9 | 99.5% | 100.0% | 100.0% |
| 10 | 99.7% | 100.0% | 100.0% |
| 11 | 99.9% | 100.0% | 100.0% |
| 12 | 100.0% | 100.0% | 100.0% |
| 13 | 100.0% | 100.0% | 100.0% |

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

**Historical Termination Rate
As of 6/30/2012**

| Fiscal Year End | Outstanding Balance | Including Refinanced Loans | | 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% |
| Combined | 15,678,912,070 | 982,079,361 | 6.3% | 698,946,816 | 4.8% |

Estimated Termination Rate

| Fiscal Year | Termination Rate | Termination Rate |
|--|------------------|------------------|
| 7/1/2012-7/1/2013 & 7/1/2013-6/30/2014 | 7.8% | 4.3% |
| 7/1/2014-6/30/2015 and subsequent | 5.8% | 4.3% |

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

Estimated Premium Rate

| Risk Category | Weight | Premium Rate |
|---|--------|--------------|
| Below Investment Grade | 65.0% | 3.00% |
| Investment Grade | 35.0% | 1.85% |
| Combined | | 2.60% |
| Ratio of Principal & Interest to Principal for Current Borrower Portfolio | | 1.945 |
| Effective Premium Rate as % of Principal | | 5.05% |

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

Estimated Amount of Loan Default by Fiscal Year at 6.25% Default Rate - New Loans Insured
As of 6/30/2012

| Issue Year | Total Loan Insured | Selected Default Rate | Estimated Default Original Loan Amount | Age | Reported Factor | Fiscal Year | Estimated Amount of Loan Default by FY |
|--------------------|--------------------|-----------------------|--|-----|-----------------|--------------------|--|
| 7/1/1987-6/30/1988 | 164,845,000 | 6.25% | 10,302,813 | 300 | 100% | 7/1/2012-6/30/2013 | 10,758,272 |
| 7/1/1988-6/30/1989 | 291,840,000 | 6.25% | 18,240,000 | 288 | 100% | 7/1/2013-6/30/2014 | 10,874,573 |
| 7/1/1989-6/30/1990 | 285,070,000 | 6.25% | 17,816,875 | 276 | 100% | 7/1/2014-6/30/2015 | 11,826,937 |
| 7/1/1990-6/30/1991 | 502,627,148 | 6.25% | 31,414,197 | 264 | 100% | 7/1/2015-6/30/2016 | 12,858,658 |
| 7/1/1991-6/30/1992 | 340,350,000 | 6.25% | 21,271,875 | 252 | 100% | 7/1/2016-6/30/2017 | 12,101,795 |
| 7/1/1992-6/30/1993 | 425,234,203 | 6.25% | 26,577,138 | 240 | 100% | 7/1/2017-6/30/2018 | 12,746,850 |
| 7/1/1993-6/30/1994 | 269,577,356 | 6.25% | 16,848,585 | 228 | 100% | 7/1/2018-6/30/2019 | 12,267,352 |
| 7/1/1994-6/30/1995 | 86,855,000 | 6.25% | 5,428,438 | 216 | 100% | 7/1/2019-6/30/2020 | 13,073,140 |
| 7/1/1995-6/30/1996 | 122,845,000 | 6.25% | 7,677,813 | 204 | 100% | 7/1/2020-6/30/2021 | 12,913,931 |
| 7/1/1996-6/30/1997 | 96,845,000 | 6.25% | 6,052,813 | 192 | 100% | 7/1/2021-6/30/2022 | 13,301,961 |
| 7/1/1997-6/30/1998 | 288,615,000 | 6.25% | 18,038,438 | 180 | 99% | 7/1/2022-6/30/2023 | 13,358,444 |
| 7/1/1998-6/30/1999 | 30,100,000 | 6.25% | 1,881,250 | 168 | 98% | 7/1/2023-6/30/2024 | 13,482,722 |
| 7/1/1999-6/30/2000 | 135,160,000 | 6.25% | 8,447,500 | 156 | 96% | 7/1/2024-6/30/2025 | 13,754,088 |
| 7/1/2000-6/30/2001 | 153,995,000 | 6.25% | 9,624,688 | 144 | 93% | 7/1/2025-6/30/2026 | 14,060,984 |
| 7/1/2001-6/30/2002 | 183,335,000 | 6.25% | 11,458,438 | 132 | 90% | 7/1/2026-6/30/2027 | 14,356,943 |
| 7/1/2002-6/30/2003 | 157,890,000 | 6.25% | 9,868,125 | 120 | 87% | 7/1/2027-6/30/2028 | 14,583,187 |
| 7/1/2003-6/30/2004 | 198,201,000 | 6.25% | 12,387,563 | 108 | 81% | 7/1/2028-6/30/2029 | 14,877,764 |
| 7/1/2004-6/30/2005 | 47,200,000 | 6.25% | 2,950,000 | 96 | 76% | 7/1/2029-6/30/2030 | 15,083,275 |
| 7/1/2005-6/30/2006 | 68,565,000 | 6.25% | 4,285,313 | 84 | 66% | 7/1/2030-6/30/2031 | 15,479,310 |
| 7/1/2006-6/30/2007 | 26,224,359 | 6.25% | 1,639,022 | 72 | 57% | 7/1/2031-6/30/2032 | 15,844,727 |
| 7/1/2007-6/30/2008 | 332,810,000 | 6.25% | 20,800,625 | 60 | 46% | 7/1/2032-6/30/2033 | 16,113,538 |
| 7/1/2008-6/30/2009 | 354,360,000 | 6.25% | 22,147,500 | 48 | 35% | 7/1/2033-6/30/2034 | 16,382,256 |
| 7/1/2009-6/30/2010 | 135,035,000 | 6.25% | 8,439,688 | 36 | 19% | 7/1/2034-6/30/2035 | 16,645,775 |
| 7/1/2010-6/30/2011 | 190,190,000 | 6.25% | 11,886,875 | 24 | 6% | 7/1/2035-6/30/2036 | 17,061,628 |
| 7/1/2011-6/30/2012 | 55,860,000 | 6.25% | 3,491,250 | 12 | 1% | 7/1/2036-6/30/2037 | 17,506,318 |
| 7/1/2012-6/30/2013 | 361,555,000 | 6.25% | 22,597,188 | 0 | 0% | 7/1/2037-6/30/2038 | 17,973,311 |
| 7/1/2013-6/30/2014 | 200,000,000 | 6.25% | 12,500,000 | 0 | 0% | 7/1/2038-6/30/2039 | 18,474,892 |
| 7/1/2014-6/30/2015 | 200,000,000 | 6.25% | 12,500,000 | 0 | 0% | 7/1/2039-6/30/2040 | 18,824,125 |
| 7/1/2015-6/30/2016 | 200,000,000 | 6.25% | 12,500,000 | 0 | 0% | 7/1/2040-6/30/2041 | 19,200,713 |
| 7/1/2016-6/30/2017 | 200,000,000 | 6.25% | 12,500,000 | 0 | 0% | 7/1/2041-6/30/2042 | 19,447,500 |
| 7/1/2017-6/30/2018 | 200,000,000 | 6.25% | 12,500,000 | 0 | 0% | | |
| 7/1/2018-6/30/2019 | 225,000,000 | 6.25% | 14,062,500 | 0 | 0% | | |
| 7/1/2019-6/30/2020 | 225,000,000 | 6.25% | 14,062,500 | 0 | 0% | | |
| 7/1/2020-6/30/2021 | 225,000,000 | 6.25% | 14,062,500 | 0 | 0% | | |
| 7/1/2021-6/30/2022 | 225,000,000 | 6.25% | 14,062,500 | 0 | 0% | | |
| 7/1/2022-6/30/2023 | 225,000,000 | 6.25% | 14,062,500 | 0 | 0% | | |
| 7/1/2023-6/30/2024 | 250,000,000 | 6.25% | 15,625,000 | 0 | 0% | | |
| 7/1/2024-6/30/2025 | 250,000,000 | 6.25% | 15,625,000 | 0 | 0% | | |
| 7/1/2025-6/30/2026 | 250,000,000 | 6.25% | 15,625,000 | 0 | 0% | | |
| 7/1/2026-6/30/2027 | 250,000,000 | 6.25% | 15,625,000 | 0 | 0% | | |
| 7/1/2027-6/30/2028 | 250,000,000 | 6.25% | 15,625,000 | 0 | 0% | | |
| 7/1/2028-6/30/2029 | 275,000,000 | 6.25% | 17,187,500 | 0 | 0% | | |
| 7/1/2029-6/30/2030 | 275,000,000 | 6.25% | 17,187,500 | 0 | 0% | | |
| 7/1/2030-6/30/2031 | 275,000,000 | 6.25% | 17,187,500 | 0 | 0% | | |
| 7/1/2031-6/30/2032 | 275,000,000 | 6.25% | 17,187,500 | 0 | 0% | | |
| 7/1/2032-6/30/2033 | 275,000,000 | 6.25% | 17,187,500 | 0 | 0% | | |
| 7/1/2033-6/30/2034 | 300,000,000 | 6.25% | 18,750,000 | 0 | 0% | | |
| 7/1/2034-6/30/2035 | 300,000,000 | 6.25% | 18,750,000 | 0 | 0% | | |
| 7/1/2035-6/30/2036 | 325,000,000 | 6.25% | 20,312,500 | 0 | 0% | | |
| 7/1/2036-6/30/2037 | 325,000,000 | 6.25% | 20,312,500 | 0 | 0% | | |
| 7/1/2037-6/30/2038 | 325,000,000 | 6.25% | 20,312,500 | 0 | 0% | | |
| 7/1/2038-6/30/2039 | 325,000,000 | 6.25% | 20,312,500 | 0 | 0% | | |
| 7/1/2039-6/30/2040 | 325,000,000 | 6.25% | 20,312,500 | 0 | 0% | | |
| 7/1/2040-6/30/2041 | 325,000,000 | 6.25% | 20,312,500 | 0 | 0% | | |
| 7/1/2041-6/30/2042 | 325,000,000 | 6.25% | 20,312,500 | 0 | 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 6.25% Default Rate
As of 6/30/2012**

| Fiscal Year | Estimated Amount of Loan Default | Estimated Loss Severity | Estimated Total Amount of Loss | Projected Loss Payment |
|--------------------|----------------------------------|-------------------------|--------------------------------|------------------------|
| 7/1/2012-6/30/2013 | 10,758,272 | 62.0% | 6,670,129 | 2,001,039 |
| 7/1/2013-6/30/2014 | 10,874,573 | 62.0% | 6,742,235 | 4,023,709 |
| 7/1/2014-6/30/2015 | 11,826,937 | 62.0% | 7,332,701 | 5,089,598 |
| 7/1/2015-6/30/2016 | 12,858,658 | 62.0% | 7,972,368 | 6,268,427 |
| 7/1/2016-6/30/2017 | 12,101,795 | 62.0% | 7,503,113 | 6,871,873 |
| 7/1/2017-6/30/2018 | 12,746,850 | 62.0% | 7,903,047 | 7,276,941 |
| 7/1/2018-6/30/2019 | 12,267,352 | 62.0% | 7,605,759 | 7,501,111 |
| 7/1/2019-6/30/2020 | 13,073,140 | 62.0% | 8,105,347 | 7,694,021 |
| 7/1/2020-6/30/2021 | 12,913,931 | 62.0% | 8,006,637 | 7,862,249 |
| 7/1/2021-6/30/2022 | 13,301,961 | 62.0% | 8,247,216 | 7,995,716 |
| 7/1/2022-6/30/2023 | 13,358,444 | 62.0% | 8,282,235 | 8,121,025 |
| 7/1/2023-6/30/2024 | 13,482,722 | 62.0% | 8,359,288 | 8,206,613 |
| 7/1/2024-6/30/2025 | 13,754,088 | 62.0% | 8,527,535 | 8,325,605 |
| 7/1/2025-6/30/2026 | 14,060,984 | 62.0% | 8,717,810 | 8,466,945 |
| 7/1/2026-6/30/2027 | 14,356,943 | 62.0% | 8,901,305 | 8,625,804 |
| 7/1/2027-6/30/2028 | 14,583,187 | 62.0% | 9,041,576 | 8,779,489 |
| 7/1/2028-6/30/2029 | 14,877,764 | 62.0% | 9,224,214 | 8,943,019 |
| 7/1/2029-6/30/2030 | 15,083,275 | 62.0% | 9,351,630 | 9,098,940 |
| 7/1/2030-6/30/2031 | 15,479,310 | 62.0% | 9,597,172 | 9,277,372 |
| 7/1/2031-6/30/2032 | 15,844,727 | 62.0% | 9,823,731 | 9,480,690 |
| 7/1/2032-6/30/2033 | 16,113,538 | 62.0% | 9,990,394 | 9,671,062 |
| 7/1/2033-6/30/2034 | 16,382,256 | 62.0% | 10,156,999 | 9,852,617 |
| 7/1/2034-6/30/2035 | 16,645,775 | 62.0% | 10,320,380 | 10,029,675 |
| 7/1/2035-6/30/2036 | 17,061,628 | 62.0% | 10,578,209 | 10,229,371 |
| 7/1/2036-6/30/2037 | 17,506,318 | 62.0% | 10,853,917 | 10,459,193 |
| 7/1/2037-6/30/2038 | 17,973,311 | 62.0% | 11,143,453 | 10,708,755 |
| 7/1/2038-6/30/2039 | 18,474,892 | 62.0% | 11,454,433 | 10,981,256 |
| 7/1/2039-6/30/2040 | 18,824,125 | 62.0% | 11,670,958 | 11,242,174 |
| 7/1/2040-6/30/2041 | 19,200,713 | 62.0% | 11,904,442 | 11,488,861 |
| 7/1/2041-6/30/2042 | 19,447,500 | 62.0% | 12,057,450 | 11,710,028 |

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

Estimated Amount of Loan Default by Fiscal Year at 6.25% Default Rate - No New Loans Insured
As of 6/30/2012

| Issue Year | Total Loan Insured | Selected Default Rate | Estimated Default Original Loan Amount | Age | Reported Factor | Fiscal Year | Estimated Amount of Loan Default by FY |
|--------------------|--------------------|-----------------------|--|-----|-----------------|--------------------|--|
| 7/1/1985-6/30/1986 | 210,620,000 | 6.25% | 13,163,750 | 324 | 100% | 7/1/2010-6/30/2011 | 10,471,657 |
| 7/1/1986-6/30/1987 | 287,629,000 | 6.25% | 17,976,813 | 312 | 100% | 7/1/2011-6/30/2012 | 9,569,569 |
| 7/1/1987-6/30/1988 | 164,845,000 | 6.25% | 10,302,813 | 300 | 100% | 7/1/2012-6/30/2013 | 8,168,062 |
| 7/1/1988-6/30/1989 | 291,840,000 | 6.25% | 18,240,000 | 288 | 100% | 7/1/2013-6/30/2014 | 6,826,137 |
| 7/1/1989-6/30/1990 | 285,070,000 | 6.25% | 17,816,875 | 276 | 100% | 7/1/2014-6/30/2015 | 5,316,088 |
| 7/1/1990-6/30/1991 | 502,627,148 | 6.25% | 31,414,197 | 264 | 100% | 7/1/2015-6/30/2016 | 4,442,412 |
| 7/1/1991-6/30/1992 | 340,350,000 | 6.25% | 21,271,875 | 252 | 100% | 7/1/2016-6/30/2017 | 3,159,440 |
| 7/1/1992-6/30/1993 | 425,234,203 | 6.25% | 26,577,138 | 240 | 100% | 7/1/2017-6/30/2018 | 2,522,741 |
| 7/1/1993-6/30/1994 | 269,577,356 | 6.25% | 16,848,585 | 228 | 100% | 7/1/2018-6/30/2019 | 1,965,069 |
| 7/1/1994-6/30/1995 | 86,855,000 | 6.25% | 5,428,438 | 216 | 100% | 7/1/2019-6/30/2020 | 1,354,806 |
| 7/1/1995-6/30/1996 | 122,845,000 | 6.25% | 7,677,813 | 204 | 100% | 7/1/2020-6/30/2021 | 937,734 |
| 7/1/1996-6/30/1997 | 96,845,000 | 6.25% | 6,052,813 | 192 | 100% | 7/1/2021-6/30/2022 | 643,450 |
| 7/1/1997-6/30/1998 | 288,615,000 | 6.25% | 18,038,438 | 180 | 99% | 7/1/2022-6/30/2023 | 343,719 |
| 7/1/1998-6/30/1999 | 30,100,000 | 6.25% | 1,881,250 | 168 | 98% | 7/1/2023-6/30/2024 | 146,721 |
| 7/1/1999-6/30/2000 | 135,160,000 | 6.25% | 8,447,500 | 156 | 96% | 7/1/2024-6/30/2025 | 79,858 |
| 7/1/2000-6/30/2001 | 153,995,000 | 6.25% | 9,624,688 | 144 | 93% | 7/1/2025-6/30/2026 | 17,369 |
| 7/1/2001-6/30/2002 | 183,335,000 | 6.25% | 11,458,438 | 132 | 90% | 7/1/2026-6/30/2027 | 0 |
| 7/1/2002-6/30/2003 | 157,890,000 | 6.25% | 9,868,125 | 120 | 87% | 7/1/2027-6/30/2028 | 0 |
| 7/1/2003-6/30/2004 | 198,201,000 | 6.25% | 12,387,563 | 108 | 81% | 7/1/2028-6/30/2029 | 0 |
| 7/1/2004-6/30/2005 | 47,200,000 | 6.25% | 2,950,000 | 96 | 76% | 7/1/2029-6/30/2030 | 0 |
| 7/1/2005-6/30/2006 | 68,565,000 | 6.25% | 4,285,313 | 84 | 66% | 7/1/2030-6/30/2031 | 0 |
| 7/1/2006-6/30/2007 | 26,224,359 | 6.25% | 1,639,022 | 72 | 57% | 7/1/2031-6/30/2032 | 0 |
| 7/1/2007-6/30/2008 | 332,810,000 | 6.25% | 20,800,625 | 60 | 46% | 7/1/2032-6/30/2033 | 0 |
| 7/1/2008-6/30/2009 | 354,360,000 | 6.25% | 22,147,500 | 48 | 35% | 7/1/2033-6/30/2034 | 0 |
| 7/1/2009-6/30/2010 | 135,035,000 | 6.25% | 8,439,688 | 36 | 19% | 7/1/2034-6/30/2035 | 0 |
| 7/1/2010-6/30/2011 | 190,190,000 | 6.25% | 11,886,875 | 24 | 6% | 7/1/2035-6/30/2036 | 0 |
| 7/1/2011-6/30/2012 | 55,860,000 | 6.25% | 3,491,250 | 12 | 1% | 7/1/2036-6/30/2037 | 0 |
| | | | | | | 7/1/2037-6/30/2038 | 0 |
| | | | | | | 7/1/2038-6/30/2039 | 0 |
| | | | | | | 7/1/2039-6/30/2040 | 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 6.25% Default Rate
As of 6/30/2012**

| Fiscal Year | Estimated Amount of Loan Default | Estimated Loss Severity | Estimated Total Amount of Loss | Projected Loss Payment |
|--------------------|----------------------------------|-------------------------|--------------------------------|------------------------|
| 7/1/2012-6/30/2013 | 10,471,657 | 62.0% | 6,492,428 | 1,947,728 |
| 7/1/2013-6/30/2014 | 9,569,569 | 62.0% | 5,933,133 | 3,727,668 |
| 7/1/2014-6/30/2015 | 8,168,062 | 62.0% | 5,064,199 | 4,143,215 |
| 7/1/2015-6/30/2016 | 6,826,137 | 62.0% | 4,232,205 | 4,339,320 |
| 7/1/2016-6/30/2017 | 5,316,088 | 62.0% | 3,295,975 | 4,083,245 |
| 7/1/2017-6/30/2018 | 4,442,412 | 62.0% | 2,754,296 | 3,647,988 |
| 7/1/2018-6/30/2019 | 3,159,440 | 62.0% | 1,958,853 | 3,071,954 |
| 7/1/2019-6/30/2020 | 2,522,741 | 62.0% | 1,564,100 | 2,492,870 |
| 7/1/2020-6/30/2021 | 1,965,069 | 62.0% | 1,218,343 | 2,012,983 |
| 7/1/2021-6/30/2022 | 1,354,806 | 62.0% | 839,980 | 1,577,946 |
| 7/1/2022-6/30/2023 | 937,734 | 62.0% | 581,395 | 1,183,009 |
| 7/1/2023-6/30/2024 | 643,450 | 62.0% | 398,939 | 871,868 |
| 7/1/2024-6/30/2025 | 343,719 | 62.0% | 213,106 | 612,201 |
| 7/1/2025-6/30/2026 | 146,721 | 62.0% | 90,967 | 401,506 |
| 7/1/2026-6/30/2027 | 79,858 | 62.0% | 49,512 | 255,591 |
| 7/1/2027-6/30/2028 | 17,369 | 62.0% | 10,769 | 153,262 |
| 7/1/2028-6/30/2029 | 0 | 62.0% | 0 | 85,398 |
| 7/1/2029-6/30/2030 | 0 | 62.0% | 0 | 46,318 |
| 7/1/2030-6/30/2031 | 0 | 62.0% | 0 | 23,755 |
| 7/1/2031-6/30/2032 | 0 | 62.0% | 0 | 11,586 |
| 7/1/2032-6/30/2033 | 0 | 62.0% | 0 | 5,391 |
| 7/1/2033-6/30/2034 | 0 | 62.0% | 0 | 2,231 |
| 7/1/2034-6/30/2035 | 0 | 62.0% | 0 | 810 |
| 7/1/2035-6/30/2036 | 0 | 62.0% | 0 | 301 |
| 7/1/2036-6/30/2037 | 0 | 62.0% | 0 | 54 |
| 7/1/2037-6/30/2038 | 0 | 62.0% | 0 | 0 |
| 7/1/2038-6/30/2039 | 0 | 62.0% | 0 | 0 |
| 7/1/2039-6/30/2040 | 0 | 62.0% | 0 | 0 |
| 7/1/2040-6/30/2041 | 0 | 62.0% | 0 | 0 |
| 7/1/2041-6/30/2042 | 0 | 62.0% | 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
As of 6/30/2012

| Issue Year | Total Loan Insured | Selected Default Rate | Estimated Default Original Loan Amount | Age | Reported Factor | Fiscal Year | Estimated Amount of Loan Default by FY |
|--------------------|--------------------|-----------------------|--|-----|-----------------|--------------------|--|
| 7/1/1987-6/30/1988 | 164,845,000 | 8.00% | 13,187,600 | 300 | 100% | 7/1/2012-6/30/2013 | 13,770,588 |
| 7/1/1988-6/30/1989 | 291,840,000 | 8.00% | 23,347,200 | 288 | 100% | 7/1/2013-6/30/2014 | 13,919,454 |
| 7/1/1989-6/30/1990 | 285,070,000 | 8.00% | 22,805,600 | 276 | 100% | 7/1/2014-6/30/2015 | 15,138,480 |
| 7/1/1990-6/30/1991 | 502,627,148 | 8.00% | 40,210,172 | 264 | 100% | 7/1/2015-6/30/2016 | 16,459,082 |
| 7/1/1991-6/30/1992 | 340,350,000 | 8.00% | 27,228,000 | 252 | 100% | 7/1/2016-6/30/2017 | 15,490,297 |
| 7/1/1992-6/30/1993 | 425,234,203 | 8.00% | 34,018,736 | 240 | 100% | 7/1/2017-6/30/2018 | 16,315,968 |
| 7/1/1993-6/30/1994 | 269,577,356 | 8.00% | 21,566,188 | 228 | 100% | 7/1/2018-6/30/2019 | 15,702,211 |
| 7/1/1994-6/30/1995 | 86,855,000 | 8.00% | 6,948,400 | 216 | 100% | 7/1/2019-6/30/2020 | 16,733,619 |
| 7/1/1995-6/30/1996 | 122,845,000 | 8.00% | 9,827,600 | 204 | 100% | 7/1/2020-6/30/2021 | 16,529,832 |
| 7/1/1996-6/30/1997 | 96,845,000 | 8.00% | 7,747,600 | 192 | 100% | 7/1/2021-6/30/2022 | 17,026,510 |
| 7/1/1997-6/30/1998 | 288,615,000 | 8.00% | 23,089,200 | 180 | 99% | 7/1/2022-6/30/2023 | 17,098,808 |
| 7/1/1998-6/30/1999 | 30,100,000 | 8.00% | 2,408,000 | 168 | 98% | 7/1/2023-6/30/2024 | 17,257,885 |
| 7/1/1999-6/30/2000 | 135,160,000 | 8.00% | 10,812,800 | 156 | 96% | 7/1/2024-6/30/2025 | 17,605,233 |
| 7/1/2000-6/30/2001 | 153,995,000 | 8.00% | 12,319,600 | 144 | 93% | 7/1/2025-6/30/2026 | 17,998,060 |
| 7/1/2001-6/30/2002 | 183,335,000 | 8.00% | 14,666,800 | 132 | 90% | 7/1/2026-6/30/2027 | 18,376,887 |
| 7/1/2002-6/30/2003 | 157,890,000 | 8.00% | 12,631,200 | 120 | 87% | 7/1/2027-6/30/2028 | 18,666,479 |
| 7/1/2003-6/30/2004 | 198,201,000 | 8.00% | 15,856,080 | 108 | 81% | 7/1/2028-6/30/2029 | 19,043,538 |
| 7/1/2004-6/30/2005 | 47,200,000 | 8.00% | 3,776,000 | 96 | 76% | 7/1/2029-6/30/2030 | 19,306,592 |
| 7/1/2005-6/30/2006 | 68,565,000 | 8.00% | 5,485,200 | 84 | 66% | 7/1/2030-6/30/2031 | 19,813,516 |
| 7/1/2006-6/30/2007 | 26,224,359 | 8.00% | 2,097,949 | 72 | 57% | 7/1/2031-6/30/2032 | 20,281,250 |
| 7/1/2007-6/30/2008 | 332,810,000 | 8.00% | 26,624,800 | 60 | 46% | 7/1/2032-6/30/2033 | 20,625,329 |
| 7/1/2008-6/30/2009 | 354,360,000 | 8.00% | 28,348,800 | 48 | 35% | 7/1/2033-6/30/2034 | 20,969,287 |
| 7/1/2009-6/30/2010 | 135,035,000 | 8.00% | 10,802,800 | 36 | 19% | 7/1/2034-6/30/2035 | 21,306,592 |
| 7/1/2010-6/30/2011 | 190,190,000 | 8.00% | 15,215,200 | 24 | 6% | 7/1/2035-6/30/2036 | 21,838,884 |
| 7/1/2011-6/30/2012 | 55,860,000 | 8.00% | 4,468,800 | 12 | 1% | 7/1/2036-6/30/2037 | 22,408,087 |
| 7/1/2012-6/30/2013 | 361,555,000 | 8.00% | 28,924,400 | 0 | 0% | 7/1/2037-6/30/2038 | 23,005,838 |
| 7/1/2013-6/30/2014 | 200,000,000 | 8.00% | 16,000,000 | | 0% | 7/1/2038-6/30/2039 | 23,647,862 |
| 7/1/2014-6/30/2015 | 200,000,000 | 8.00% | 16,000,000 | | 0% | 7/1/2039-6/30/2040 | 24,094,880 |
| 7/1/2015-6/30/2016 | 200,000,000 | 8.00% | 16,000,000 | | 0% | 7/1/2040-6/30/2041 | 24,576,913 |
| 7/1/2016-6/30/2017 | 200,000,000 | 8.00% | 16,000,000 | | 0% | 7/1/2041-6/30/2042 | 24,892,800 |
| 7/1/2017-6/30/2018 | 200,000,000 | 8.00% | 16,000,000 | | 0% | | |
| 7/1/2018-6/30/2019 | 225,000,000 | 8.00% | 18,000,000 | | 0% | | |
| 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 | 275,000,000 | 8.00% | 22,000,000 | | 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% | | |

**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
As of 6/30/2012**

| Fiscal Year | Estimated Amount of Loan Default | Estimated Loss Severity | Estimated Total Amount of Loss | Projected Loss Payment |
|--------------------|----------------------------------|-------------------------|--------------------------------|------------------------|
| 7/1/2012-6/30/2013 | 13,770,588 | 62.0% | 8,537,765 | 2,561,329 |
| 7/1/2013-6/30/2014 | 13,919,454 | 62.0% | 8,630,061 | 5,150,348 |
| 7/1/2014-6/30/2015 | 15,138,480 | 62.0% | 9,385,857 | 6,514,685 |
| 7/1/2015-6/30/2016 | 16,459,082 | 62.0% | 10,204,631 | 8,023,586 |
| 7/1/2016-6/30/2017 | 15,490,297 | 62.0% | 9,603,984 | 8,795,997 |
| 7/1/2017-6/30/2018 | 16,315,968 | 62.0% | 10,115,900 | 9,314,485 |
| 7/1/2018-6/30/2019 | 15,702,211 | 62.0% | 9,735,371 | 9,601,423 |
| 7/1/2019-6/30/2020 | 16,733,619 | 62.0% | 10,374,844 | 9,848,347 |
| 7/1/2020-6/30/2021 | 16,529,832 | 62.0% | 10,248,496 | 10,063,679 |
| 7/1/2021-6/30/2022 | 17,026,510 | 62.0% | 10,556,436 | 10,234,516 |
| 7/1/2022-6/30/2023 | 17,098,808 | 62.0% | 10,601,261 | 10,394,912 |
| 7/1/2023-6/30/2024 | 17,257,885 | 62.0% | 10,699,888 | 10,504,465 |
| 7/1/2024-6/30/2025 | 17,605,233 | 62.0% | 10,915,245 | 10,656,774 |
| 7/1/2025-6/30/2026 | 17,998,060 | 62.0% | 11,158,797 | 10,837,690 |
| 7/1/2026-6/30/2027 | 18,376,887 | 62.0% | 11,393,670 | 11,041,029 |
| 7/1/2027-6/30/2028 | 18,666,479 | 62.0% | 11,573,217 | 11,237,746 |
| 7/1/2028-6/30/2029 | 19,043,538 | 62.0% | 11,806,994 | 11,447,065 |
| 7/1/2029-6/30/2030 | 19,306,592 | 62.0% | 11,970,087 | 11,646,643 |
| 7/1/2030-6/30/2031 | 19,813,516 | 62.0% | 12,284,380 | 11,875,036 |
| 7/1/2031-6/30/2032 | 20,281,250 | 62.0% | 12,574,375 | 12,135,283 |
| 7/1/2032-6/30/2033 | 20,625,329 | 62.0% | 12,787,704 | 12,378,959 |
| 7/1/2033-6/30/2034 | 20,969,287 | 62.0% | 13,000,958 | 12,611,350 |
| 7/1/2034-6/30/2035 | 21,306,592 | 62.0% | 13,210,087 | 12,837,984 |
| 7/1/2035-6/30/2036 | 21,838,884 | 62.0% | 13,540,108 | 13,093,595 |
| 7/1/2036-6/30/2037 | 22,408,087 | 62.0% | 13,893,014 | 13,387,767 |
| 7/1/2037-6/30/2038 | 23,005,838 | 62.0% | 14,263,620 | 13,707,206 |
| 7/1/2038-6/30/2039 | 23,647,862 | 62.0% | 14,661,675 | 14,056,008 |
| 7/1/2039-6/30/2040 | 24,094,880 | 62.0% | 14,938,826 | 14,389,983 |
| 7/1/2040-6/30/2041 | 24,576,913 | 62.0% | 15,237,686 | 14,705,743 |
| 7/1/2041-6/30/2042 | 24,892,800 | 62.0% | 15,433,536 | 14,988,835 |

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
As of 6/30/2012

| Issue Year | Total Loan Insured | Selected Default Rate | Estimated Default Original Loan Amount | Age | Reported Factor | Fiscal Year | Estimated Amount of Loan Default by FY |
|--------------------|--------------------|-----------------------|--|-----|-----------------|--------------------|--|
| 7/1/1987-6/30/1988 | 164,845,000 | 10.00% | 16,484,500 | 300 | 100% | 7/1/2012-6/30/2013 | 17,213,235 |
| 7/1/1988-6/30/1989 | 291,840,000 | 10.00% | 29,184,000 | 288 | 100% | 7/1/2013-6/30/2014 | 17,399,317 |
| 7/1/1989-6/30/1990 | 285,070,000 | 10.00% | 28,507,000 | 276 | 100% | 7/1/2014-6/30/2015 | 18,923,100 |
| 7/1/1990-6/30/1991 | 502,627,148 | 10.00% | 50,262,715 | 264 | 100% | 7/1/2015-6/30/2016 | 20,573,852 |
| 7/1/1991-6/30/1992 | 340,350,000 | 10.00% | 34,035,000 | 252 | 100% | 7/1/2016-6/30/2017 | 19,362,872 |
| 7/1/1992-6/30/1993 | 425,234,203 | 10.00% | 42,523,420 | 240 | 100% | 7/1/2017-6/30/2018 | 20,394,960 |
| 7/1/1993-6/30/1994 | 269,577,356 | 10.00% | 26,957,736 | 228 | 100% | 7/1/2018-6/30/2019 | 19,627,764 |
| 7/1/1994-6/30/1995 | 86,855,000 | 10.00% | 8,685,500 | 216 | 100% | 7/1/2019-6/30/2020 | 20,917,024 |
| 7/1/1995-6/30/1996 | 122,845,000 | 10.00% | 12,284,500 | 204 | 100% | 7/1/2020-6/30/2021 | 20,662,289 |
| 7/1/1996-6/30/1997 | 96,845,000 | 10.00% | 9,684,500 | 192 | 100% | 7/1/2021-6/30/2022 | 21,283,137 |
| 7/1/1997-6/30/1998 | 288,615,000 | 10.00% | 28,861,500 | 180 | 99% | 7/1/2022-6/30/2023 | 21,373,510 |
| 7/1/1998-6/30/1999 | 30,100,000 | 10.00% | 3,010,000 | 168 | 98% | 7/1/2023-6/30/2024 | 21,572,356 |
| 7/1/1999-6/30/2000 | 135,160,000 | 10.00% | 13,516,000 | 156 | 96% | 7/1/2024-6/30/2025 | 22,006,541 |
| 7/1/2000-6/30/2001 | 153,995,000 | 10.00% | 15,399,500 | 144 | 93% | 7/1/2025-6/30/2026 | 22,497,575 |
| 7/1/2001-6/30/2002 | 183,335,000 | 10.00% | 18,333,500 | 132 | 90% | 7/1/2026-6/30/2027 | 22,971,109 |
| 7/1/2002-6/30/2003 | 157,890,000 | 10.00% | 15,789,000 | 120 | 87% | 7/1/2027-6/30/2028 | 23,333,099 |
| 7/1/2003-6/30/2004 | 198,201,000 | 10.00% | 19,820,100 | 108 | 81% | 7/1/2028-6/30/2029 | 23,804,423 |
| 7/1/2004-6/30/2005 | 47,200,000 | 10.00% | 4,720,000 | 96 | 76% | 7/1/2029-6/30/2030 | 24,133,240 |
| 7/1/2005-6/30/2006 | 68,565,000 | 10.00% | 6,856,500 | 84 | 66% | 7/1/2030-6/30/2031 | 24,766,895 |
| 7/1/2006-6/30/2007 | 26,224,359 | 10.00% | 2,622,436 | 72 | 57% | 7/1/2031-6/30/2032 | 25,351,563 |
| 7/1/2007-6/30/2008 | 332,810,000 | 10.00% | 33,281,000 | 60 | 46% | 7/1/2032-6/30/2033 | 25,781,661 |
| 7/1/2008-6/30/2009 | 354,360,000 | 10.00% | 35,436,000 | 48 | 35% | 7/1/2033-6/30/2034 | 26,211,609 |
| 7/1/2009-6/30/2010 | 135,035,000 | 10.00% | 13,503,500 | 36 | 19% | 7/1/2034-6/30/2035 | 26,633,240 |
| 7/1/2010-6/30/2011 | 190,190,000 | 10.00% | 19,019,000 | 24 | 6% | 7/1/2035-6/30/2036 | 27,298,604 |
| 7/1/2011-6/30/2012 | 55,860,000 | 10.00% | 5,586,000 | 12 | 1% | 7/1/2036-6/30/2037 | 28,010,108 |
| 7/1/2012-6/30/2013 | 361,555,000 | 10.00% | 36,155,500 | 0 | 0% | 7/1/2037-6/30/2038 | 28,757,298 |
| 7/1/2013-6/30/2014 | 200,000,000 | 10.00% | 20,000,000 | 0 | 0% | 7/1/2038-6/30/2039 | 29,559,828 |
| 7/1/2014-6/30/2015 | 200,000,000 | 10.00% | 20,000,000 | 0 | 0% | 7/1/2039-6/30/2040 | 30,118,600 |
| 7/1/2015-6/30/2016 | 200,000,000 | 10.00% | 20,000,000 | 0 | 0% | 7/1/2040-6/30/2041 | 30,721,141 |
| 7/1/2016-6/30/2017 | 200,000,000 | 10.00% | 20,000,000 | 0 | 0% | 7/1/2041-6/30/2042 | 31,116,000 |
| 7/1/2017-6/30/2018 | 200,000,000 | 10.00% | 20,000,000 | 0 | 0% | | |
| 7/1/2018-6/30/2019 | 225,000,000 | 10.00% | 22,500,000 | 0 | 0% | | |
| 7/1/2019-6/30/2020 | 225,000,000 | 10.00% | 22,500,000 | 0 | 0% | | |
| 7/1/2020-6/30/2021 | 225,000,000 | 10.00% | 22,500,000 | 0 | 0% | | |
| 7/1/2021-6/30/2022 | 225,000,000 | 10.00% | 22,500,000 | 0 | 0% | | |
| 7/1/2022-6/30/2023 | 225,000,000 | 10.00% | 22,500,000 | 0 | 0% | | |
| 7/1/2023-6/30/2024 | 250,000,000 | 10.00% | 25,000,000 | 0 | 0% | | |
| 7/1/2024-6/30/2025 | 250,000,000 | 10.00% | 25,000,000 | 0 | 0% | | |
| 7/1/2025-6/30/2026 | 250,000,000 | 10.00% | 25,000,000 | 0 | 0% | | |
| 7/1/2026-6/30/2027 | 250,000,000 | 10.00% | 25,000,000 | 0 | 0% | | |
| 7/1/2027-6/30/2028 | 250,000,000 | 10.00% | 25,000,000 | 0 | 0% | | |
| 7/1/2028-6/30/2029 | 275,000,000 | 10.00% | 27,500,000 | 0 | 0% | | |
| 7/1/2029-6/30/2030 | 275,000,000 | 10.00% | 27,500,000 | 0 | 0% | | |
| 7/1/2030-6/30/2031 | 275,000,000 | 10.00% | 27,500,000 | 0 | 0% | | |
| 7/1/2031-6/30/2032 | 275,000,000 | 10.00% | 27,500,000 | 0 | 0% | | |
| 7/1/2032-6/30/2033 | 275,000,000 | 10.00% | 27,500,000 | 0 | 0% | | |
| 7/1/2033-6/30/2034 | 300,000,000 | 10.00% | 30,000,000 | 0 | 0% | | |
| 7/1/2034-6/30/2035 | 300,000,000 | 10.00% | 30,000,000 | 0 | 0% | | |
| 7/1/2035-6/30/2036 | 325,000,000 | 10.00% | 32,500,000 | 0 | 0% | | |
| 7/1/2036-6/30/2037 | 325,000,000 | 10.00% | 32,500,000 | 0 | 0% | | |
| 7/1/2037-6/30/2038 | 325,000,000 | 10.00% | 32,500,000 | 0 | 0% | | |
| 7/1/2038-6/30/2039 | 325,000,000 | 10.00% | 32,500,000 | 0 | 0% | | |
| 7/1/2039-6/30/2040 | 325,000,000 | 10.00% | 32,500,000 | 0 | 0% | | |
| 7/1/2040-6/30/2041 | 325,000,000 | 10.00% | 32,500,000 | 0 | 0% | | |
| 7/1/2041-6/30/2042 | 325,000,000 | 10.00% | 32,500,000 | 0 | 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
As of 6/30/2012**

| Fiscal Year | Estimated Amount of Loan Default | Estimated Loss Severity | Estimated Total Amount of Loss | Projected Loss Payment |
|--------------------|----------------------------------|-------------------------|--------------------------------|------------------------|
| 7/1/2012-6/30/2013 | 17,213,235 | 62.0% | 10,672,206 | 3,201,662 |
| 7/1/2013-6/30/2014 | 17,399,317 | 62.0% | 10,787,577 | 6,437,935 |
| 7/1/2014-6/30/2015 | 18,923,100 | 62.0% | 11,732,322 | 8,143,356 |
| 7/1/2015-6/30/2016 | 20,573,852 | 62.0% | 12,755,788 | 10,029,483 |
| 7/1/2016-6/30/2017 | 19,362,872 | 62.0% | 12,004,980 | 10,994,996 |
| 7/1/2017-6/30/2018 | 20,394,960 | 62.0% | 12,644,875 | 11,643,106 |
| 7/1/2018-6/30/2019 | 19,627,764 | 62.0% | 12,169,214 | 12,001,778 |
| 7/1/2019-6/30/2020 | 20,917,024 | 62.0% | 12,968,555 | 12,310,434 |
| 7/1/2020-6/30/2021 | 20,662,289 | 62.0% | 12,810,619 | 12,579,599 |
| 7/1/2021-6/30/2022 | 21,283,137 | 62.0% | 13,195,545 | 12,793,146 |
| 7/1/2022-6/30/2023 | 21,373,510 | 62.0% | 13,251,576 | 12,993,640 |
| 7/1/2023-6/30/2024 | 21,572,356 | 62.0% | 13,374,861 | 13,130,581 |
| 7/1/2024-6/30/2025 | 22,006,541 | 62.0% | 13,644,056 | 13,320,968 |
| 7/1/2025-6/30/2026 | 22,497,575 | 62.0% | 13,948,496 | 13,547,112 |
| 7/1/2026-6/30/2027 | 22,971,109 | 62.0% | 14,242,087 | 13,801,286 |
| 7/1/2027-6/30/2028 | 23,333,099 | 62.0% | 14,466,521 | 14,047,183 |
| 7/1/2028-6/30/2029 | 23,804,423 | 62.0% | 14,758,742 | 14,308,831 |
| 7/1/2029-6/30/2030 | 24,133,240 | 62.0% | 14,962,609 | 14,558,304 |
| 7/1/2030-6/30/2031 | 24,766,895 | 62.0% | 15,355,475 | 14,843,795 |
| 7/1/2031-6/30/2032 | 25,351,563 | 62.0% | 15,717,969 | 15,169,104 |
| 7/1/2032-6/30/2033 | 25,781,661 | 62.0% | 15,984,630 | 15,473,698 |
| 7/1/2033-6/30/2034 | 26,211,609 | 62.0% | 16,251,198 | 15,764,188 |
| 7/1/2034-6/30/2035 | 26,633,240 | 62.0% | 16,512,609 | 16,047,481 |
| 7/1/2035-6/30/2036 | 27,298,604 | 62.0% | 16,925,135 | 16,366,994 |
| 7/1/2036-6/30/2037 | 28,010,108 | 62.0% | 17,366,267 | 16,734,708 |
| 7/1/2037-6/30/2038 | 28,757,298 | 62.0% | 17,829,525 | 17,134,008 |
| 7/1/2038-6/30/2039 | 29,559,828 | 62.0% | 18,327,093 | 17,570,009 |
| 7/1/2039-6/30/2040 | 30,118,600 | 62.0% | 18,673,532 | 17,987,479 |
| 7/1/2040-6/30/2041 | 30,721,141 | 62.0% | 19,047,108 | 18,382,178 |
| 7/1/2041-6/30/2042 | 31,116,000 | 62.0% | 19,291,920 | 18,736,044 |

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

**Estimated Amount of Loan Default by Fiscal Year at 6.25% Default Rate - Annual-Premium Loans Only
As of 6/30/2012**

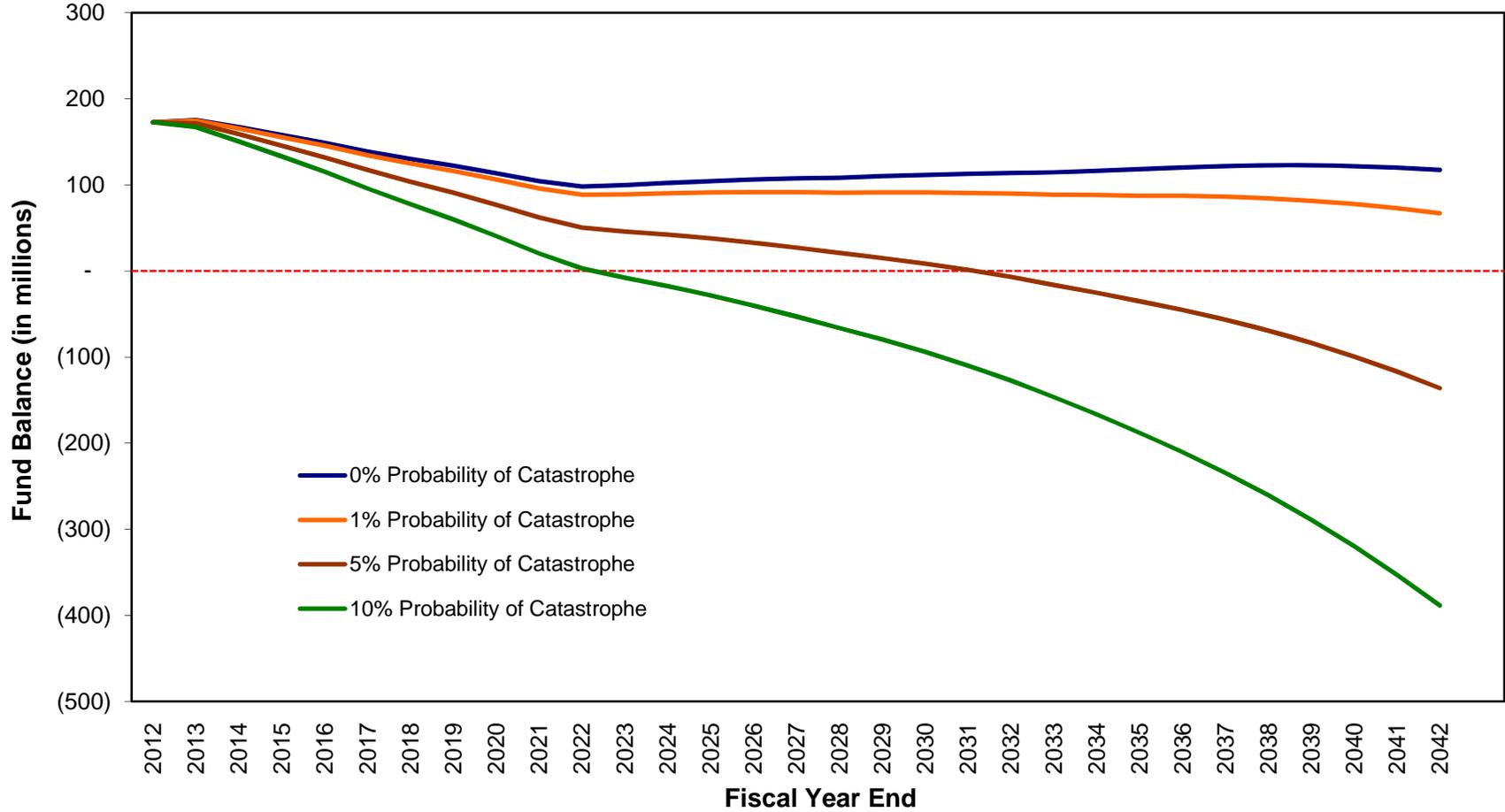
| Issue Year | Total Annual Premium Loans Insured | Selected Default Rate | Estimated Default Original Loan Amount | Age | Reported Factor | Fiscal Year | Estimated Amount of Loan Default by FY |
|--------------------|------------------------------------|-----------------------|--|-----|-----------------|--------------------|--|
| 7/1/1983-6/30/1984 | 159,700,000 | 6.25% | 9,981,250 | 348 | 100% | 7/1/2012-6/30/2013 | 380,084 |
| 7/1/1984-6/30/1985 | 151,784,000 | 6.25% | 9,486,500 | 336 | 100% | 7/1/2013-6/30/2014 | 226,406 |
| 7/1/1985-6/30/1986 | 210,620,000 | 6.25% | 13,163,750 | 324 | 100% | 7/1/2014-6/30/2015 | 81,305 |
| 7/1/1986-6/30/1987 | 287,629,000 | 6.25% | 17,976,813 | 312 | 100% | 7/1/2015-6/30/2016 | 55,247 |
| 7/1/1987-6/30/1988 | 164,845,000 | 6.25% | 10,302,813 | 300 | 100% | 7/1/2016-6/30/2017 | 11,082 |
| 7/1/1988-6/30/1989 | 291,840,000 | 6.25% | 18,240,000 | 288 | 100% | 7/1/2017-6/30/2018 | 0 |
| 7/1/1989-6/30/1990 | 285,070,000 | 6.25% | 17,816,875 | 276 | 100% | 7/1/2018-6/30/2019 | 0 |
| 7/1/1990-6/30/1991 | 502,627,148 | 6.25% | 31,414,197 | 264 | 100% | 7/1/2019-6/30/2020 | 0 |
| 7/1/1991-6/30/1992 | 340,350,000 | 6.25% | 21,271,875 | 252 | 100% | 7/1/2020-6/30/2021 | 0 |
| 7/1/1992-6/30/1993 | 425,234,203 | 6.25% | 26,577,138 | 240 | 100% | 7/1/2021-6/30/2022 | 0 |
| 7/1/1993-6/30/1994 | 269,577,356 | 6.25% | 16,848,585 | 228 | 100% | 7/1/2022-6/30/2023 | 0 |
| 7/1/1994-6/30/1995 | 86,855,000 | 6.25% | 5,428,438 | 216 | 100% | 7/1/2023-6/30/2024 | 0 |
| 7/1/1995-6/30/1996 | 122,845,000 | 6.25% | 7,677,813 | 204 | 100% | 7/1/2024-6/30/2025 | 0 |
| 7/1/1996-6/30/1997 | 96,845,000 | 6.25% | 6,052,813 | 192 | 100% | 7/1/2025-6/30/2026 | 0 |
| 7/1/1997-6/30/1998 | 288,615,000 | 6.25% | 18,038,438 | 180 | 99% | 7/1/2026-6/30/2027 | 0 |
| 7/1/1998-6/30/1999 | 30,100,000 | 6.25% | 1,881,250 | 168 | 98% | 7/1/2027-6/30/2028 | 0 |
| 7/1/1999-6/30/2000 | 135,160,000 | 6.25% | 8,447,500 | 156 | 96% | 7/1/2028-6/30/2029 | 0 |
| 7/1/2000-6/30/2001 | 35,640,000 | 6.25% | 2,227,500 | 144 | 93% | 7/1/2029-6/30/2030 | 0 |

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

Projected Fiscal Year End Fund 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 |
| 7/1/2011-6/30/2012 | 172,924,033 | 172,924,033 | 172,924,033 | 172,924,033 |
| 7/1/2012-6/30/2013 | 175,426,300 | 174,610,300 | 171,305,100 | 167,182,000 |
| 7/1/2013-6/30/2014 | 167,215,500 | 165,561,900 | 158,914,700 | 150,626,400 |
| 7/1/2014-6/30/2015 | 158,033,500 | 155,553,600 | 145,547,300 | 133,034,700 |
| 7/1/2015-6/30/2016 | 148,896,800 | 145,540,600 | 131,976,000 | 115,086,400 |
| 7/1/2016-6/30/2017 | 138,799,100 | 134,555,900 | 117,324,900 | 95,951,260 |
| 7/1/2017-6/30/2018 | 130,137,800 | 124,951,600 | 103,831,200 | 77,703,700 |
| 7/1/2018-6/30/2019 | 122,355,200 | 116,165,200 | 91,053,610 | 59,905,620 |
| 7/1/2019-6/30/2020 | 113,585,800 | 106,357,200 | 77,056,550 | 40,666,120 |
| 7/1/2020-6/30/2021 | 104,252,900 | 95,935,260 | 62,264,220 | 20,390,290 |
| 7/1/2021-6/30/2022 | 98,269,210 | 88,800,980 | 50,505,180 | 2,864,554 |
| 7/1/2022-6/30/2023 | 99,793,070 | 89,120,770 | 45,979,150 | (7,676,370) |
| 7/1/2023-6/30/2024 | 102,319,800 | 90,405,820 | 42,228,050 | (17,626,900) |
| 7/1/2024-6/30/2025 | 104,410,100 | 91,194,820 | 37,866,000 | (28,441,480) |
| 7/1/2025-6/30/2026 | 106,253,900 | 91,695,240 | 32,904,410 | (40,153,060) |
| 7/1/2026-6/30/2027 | 107,566,200 | 91,613,250 | 27,263,920 | (52,788,760) |
| 7/1/2027-6/30/2028 | 108,386,800 | 91,014,130 | 20,864,130 | (66,315,960) |
| 7/1/2028-6/30/2029 | 110,166,300 | 91,297,020 | 15,139,750 | (79,564,550) |
| 7/1/2029-6/30/2030 | 111,663,300 | 91,195,140 | 8,658,543 | (93,955,890) |
| 7/1/2030-6/30/2031 | 112,930,600 | 90,738,700 | 1,368,595 | (109,753,600) |
| 7/1/2031-6/30/2032 | 113,905,200 | 89,879,060 | (6,898,132) | (127,262,200) |
| 7/1/2032-6/30/2033 | 114,653,300 | 88,627,320 | (16,161,780) | (146,534,000) |
| 7/1/2033-6/30/2034 | 116,501,800 | 88,311,940 | (25,160,720) | (166,399,800) |
| 7/1/2034-6/30/2035 | 117,997,900 | 87,494,370 | (35,309,340) | (188,132,900) |
| 7/1/2035-6/30/2036 | 120,358,700 | 87,399,460 | (45,249,620) | (210,384,900) |
| 7/1/2036-6/30/2037 | 122,061,900 | 86,527,840 | (56,465,060) | (234,437,600) |
| 7/1/2037-6/30/2038 | 122,677,400 | 84,490,340 | (69,187,710) | (260,472,500) |
| 7/1/2038-6/30/2039 | 122,655,200 | 81,631,820 | (83,479,650) | (288,920,000) |
| 7/1/2039-6/30/2040 | 121,818,000 | 77,796,190 | (99,310,940) | (319,691,900) |
| 7/1/2040-6/30/2041 | 120,114,500 | 72,955,230 | (116,761,000) | (352,843,800) |
| 7/1/2041-6/30/2042 | 117,497,800 | 67,030,720 | (135,902,800) | (388,608,800) |

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



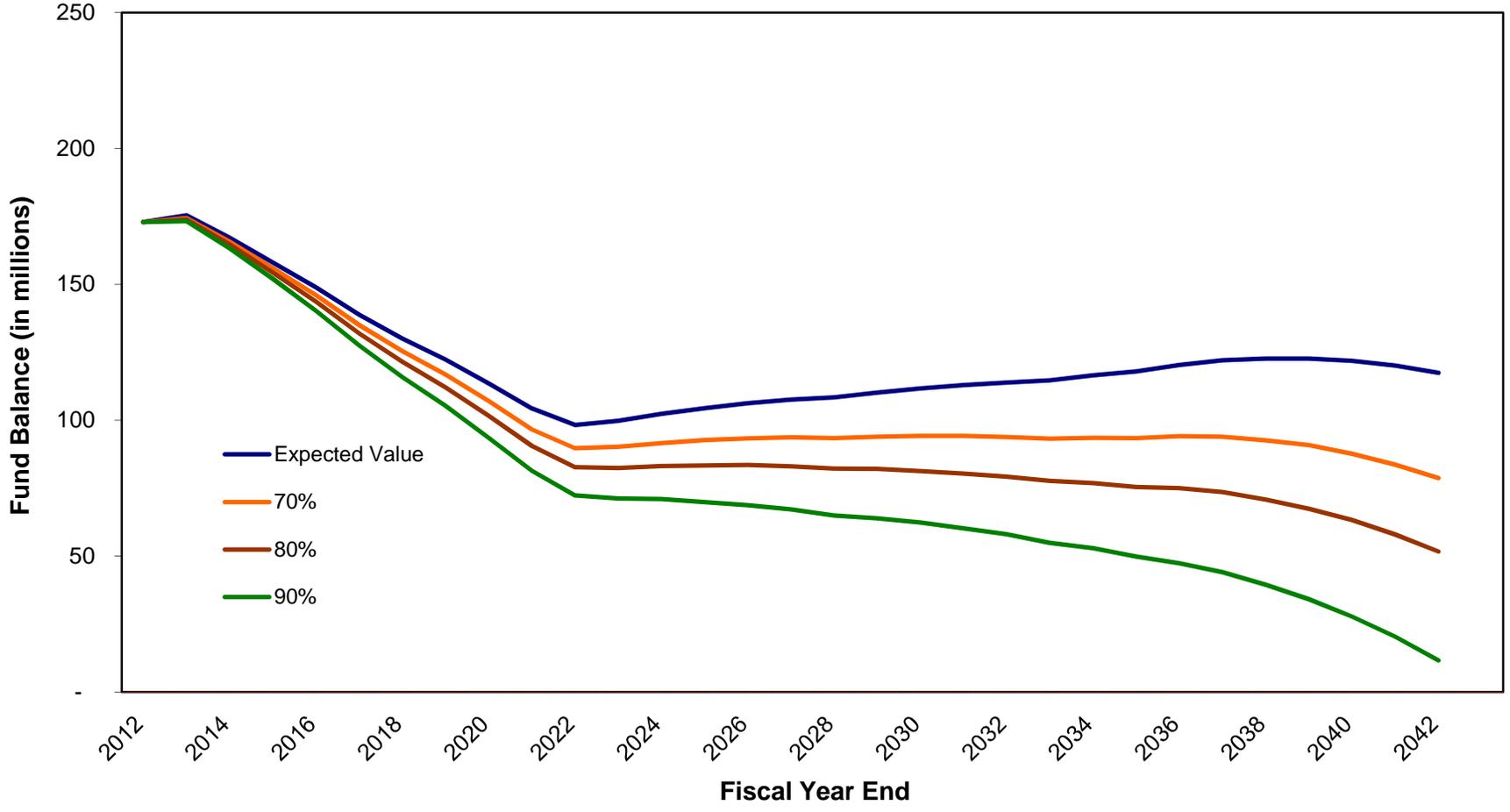
Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End Fund Balance
 0% Probability of Catastrophe

| Fiscal Year | Expected Value | Confidence Levels | | |
|--------------------|----------------|-------------------|-------------|-------------|
| | | 70% | 80% | 90% |
| 7/1/2011-6/30/2012 | 172,924,033 | 172,924,033 | 172,924,033 | 172,924,033 |
| 7/1/2012-6/30/2013 | 175,426,300 | 174,417,200 | 173,908,200 | 173,248,000 |
| 7/1/2013-6/30/2014 | 167,215,500 | 165,795,600 | 164,757,400 | 163,235,900 |
| 7/1/2014-6/30/2015 | 158,033,500 | 155,957,100 | 154,357,800 | 152,078,600 |
| 7/1/2015-6/30/2016 | 148,896,800 | 146,040,200 | 143,686,300 | 140,301,800 |
| 7/1/2016-6/30/2017 | 138,799,100 | 135,051,800 | 131,989,000 | 127,515,700 |
| 7/1/2017-6/30/2018 | 130,137,800 | 125,502,500 | 121,562,400 | 115,888,300 |
| 7/1/2018-6/30/2019 | 122,355,200 | 116,797,000 | 112,089,600 | 105,303,200 |
| 7/1/2019-6/30/2020 | 113,585,800 | 107,109,500 | 101,575,400 | 93,469,020 |
| 7/1/2020-6/30/2021 | 104,252,900 | 96,618,910 | 90,523,480 | 81,340,220 |
| 7/1/2021-6/30/2022 | 98,269,210 | 89,691,780 | 82,693,360 | 72,293,570 |
| 7/1/2022-6/30/2023 | 99,793,070 | 90,265,520 | 82,382,680 | 71,228,910 |
| 7/1/2023-6/30/2024 | 102,319,800 | 91,579,860 | 83,153,710 | 71,052,440 |
| 7/1/2024-6/30/2025 | 104,410,100 | 92,662,640 | 83,349,290 | 69,876,470 |
| 7/1/2025-6/30/2026 | 106,253,900 | 93,286,710 | 83,490,300 | 68,765,610 |
| 7/1/2026-6/30/2027 | 107,566,200 | 93,748,030 | 83,024,250 | 67,202,090 |
| 7/1/2027-6/30/2028 | 108,386,800 | 93,368,500 | 82,166,420 | 64,926,290 |
| 7/1/2028-6/30/2029 | 110,166,300 | 93,920,500 | 82,110,740 | 63,890,580 |
| 7/1/2029-6/30/2030 | 111,663,300 | 94,229,490 | 81,316,120 | 62,412,610 |
| 7/1/2030-6/30/2031 | 112,930,600 | 94,234,320 | 80,375,120 | 60,170,420 |
| 7/1/2031-6/30/2032 | 113,905,200 | 93,797,860 | 79,274,290 | 58,067,420 |
| 7/1/2032-6/30/2033 | 114,653,300 | 93,164,100 | 77,672,380 | 54,837,120 |
| 7/1/2033-6/30/2034 | 116,501,800 | 93,489,390 | 76,816,010 | 52,889,290 |
| 7/1/2034-6/30/2035 | 117,997,900 | 93,397,400 | 75,472,310 | 49,870,670 |
| 7/1/2035-6/30/2036 | 120,358,700 | 94,080,080 | 75,055,590 | 47,398,520 |
| 7/1/2036-6/30/2037 | 122,061,900 | 93,961,010 | 73,525,620 | 44,100,180 |
| 7/1/2037-6/30/2038 | 122,677,400 | 92,537,150 | 70,825,930 | 39,496,380 |
| 7/1/2038-6/30/2039 | 122,655,200 | 90,876,100 | 67,386,820 | 34,130,210 |
| 7/1/2039-6/30/2040 | 121,818,000 | 87,643,780 | 63,274,650 | 27,753,670 |
| 7/1/2040-6/30/2041 | 120,114,500 | 83,676,270 | 57,952,590 | 20,347,850 |
| 7/1/2041-6/30/2042 | 117,497,800 | 78,693,440 | 51,686,400 | 11,626,600 |

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

0% Probability of Catastrophe



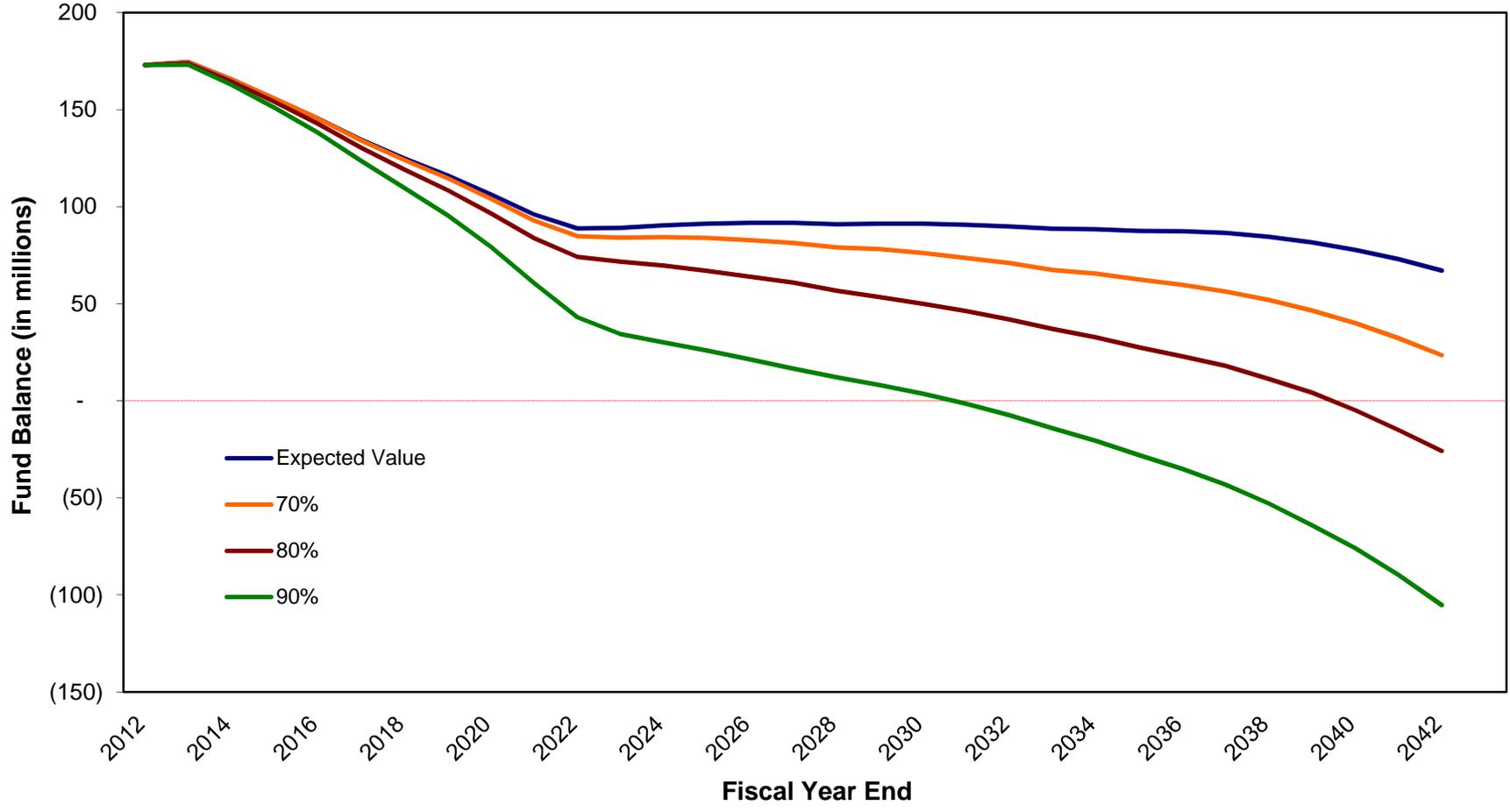
Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End Fund Balance
 1% Probability of Catastrophe

| Fiscal Year | Expected Value | Confidence Levels | | |
|--------------------|----------------|-------------------|--------------|---------------|
| | | 70% | 80% | 90% |
| 7/1/2011-6/30/2012 | 172,924,033 | 172,924,033 | 172,924,033 | 172,924,033 |
| 7/1/2012-6/30/2013 | 174,610,300 | 174,376,900 | 173,839,700 | 173,157,100 |
| 7/1/2013-6/30/2014 | 165,561,900 | 165,609,200 | 164,520,200 | 162,823,400 |
| 7/1/2014-6/30/2015 | 155,553,600 | 155,646,500 | 153,907,000 | 150,976,300 |
| 7/1/2015-6/30/2016 | 145,540,600 | 145,466,400 | 142,784,400 | 138,121,100 |
| 7/1/2016-6/30/2017 | 134,555,900 | 134,124,600 | 130,385,500 | 123,630,800 |
| 7/1/2017-6/30/2018 | 124,951,600 | 124,037,000 | 119,152,200 | 109,644,400 |
| 7/1/2018-6/30/2019 | 116,165,200 | 114,643,200 | 108,458,400 | 95,637,660 |
| 7/1/2019-6/30/2020 | 106,357,200 | 104,063,600 | 96,534,380 | 79,349,800 |
| 7/1/2020-6/30/2021 | 95,935,260 | 92,856,810 | 83,734,420 | 60,674,010 |
| 7/1/2021-6/30/2022 | 88,800,980 | 84,807,580 | 74,145,490 | 43,000,160 |
| 7/1/2022-6/30/2023 | 89,120,770 | 84,035,910 | 71,657,830 | 34,482,600 |
| 7/1/2023-6/30/2024 | 90,405,820 | 84,307,050 | 69,727,540 | 30,088,060 |
| 7/1/2024-6/30/2025 | 91,194,820 | 83,863,360 | 66,954,450 | 25,933,790 |
| 7/1/2025-6/30/2026 | 91,695,240 | 82,725,830 | 63,940,250 | 21,329,830 |
| 7/1/2026-6/30/2027 | 91,613,250 | 81,289,750 | 60,841,300 | 16,534,530 |
| 7/1/2027-6/30/2028 | 91,014,130 | 79,041,260 | 56,746,330 | 12,165,910 |
| 7/1/2028-6/30/2029 | 91,297,020 | 78,099,700 | 53,473,710 | 8,058,492 |
| 7/1/2029-6/30/2030 | 91,195,140 | 76,214,340 | 49,908,230 | 3,608,812 |
| 7/1/2030-6/30/2031 | 90,738,700 | 73,594,870 | 46,274,000 | (1,473,963) |
| 7/1/2031-6/30/2032 | 89,879,060 | 71,019,350 | 41,875,110 | (7,488,408) |
| 7/1/2032-6/30/2033 | 88,627,320 | 67,419,300 | 37,017,050 | (14,216,160) |
| 7/1/2033-6/30/2034 | 88,311,940 | 65,432,300 | 32,672,450 | (20,742,130) |
| 7/1/2034-6/30/2035 | 87,494,370 | 62,516,430 | 27,546,390 | (28,022,690) |
| 7/1/2035-6/30/2036 | 87,399,460 | 59,719,900 | 22,880,630 | (35,067,900) |
| 7/1/2036-6/30/2037 | 86,527,840 | 56,263,300 | 18,038,330 | (43,298,130) |
| 7/1/2037-6/30/2038 | 84,490,340 | 51,986,240 | 11,279,190 | (52,934,600) |
| 7/1/2038-6/30/2039 | 81,631,820 | 46,494,780 | 4,222,358 | (64,122,480) |
| 7/1/2039-6/30/2040 | 77,796,190 | 40,016,480 | (4,839,664) | (75,975,040) |
| 7/1/2040-6/30/2041 | 72,955,230 | 32,246,600 | (15,032,470) | (89,724,600) |
| 7/1/2041-6/30/2042 | 67,030,720 | 23,443,550 | (25,858,680) | (105,316,400) |

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

1% Probability of Catastrophe



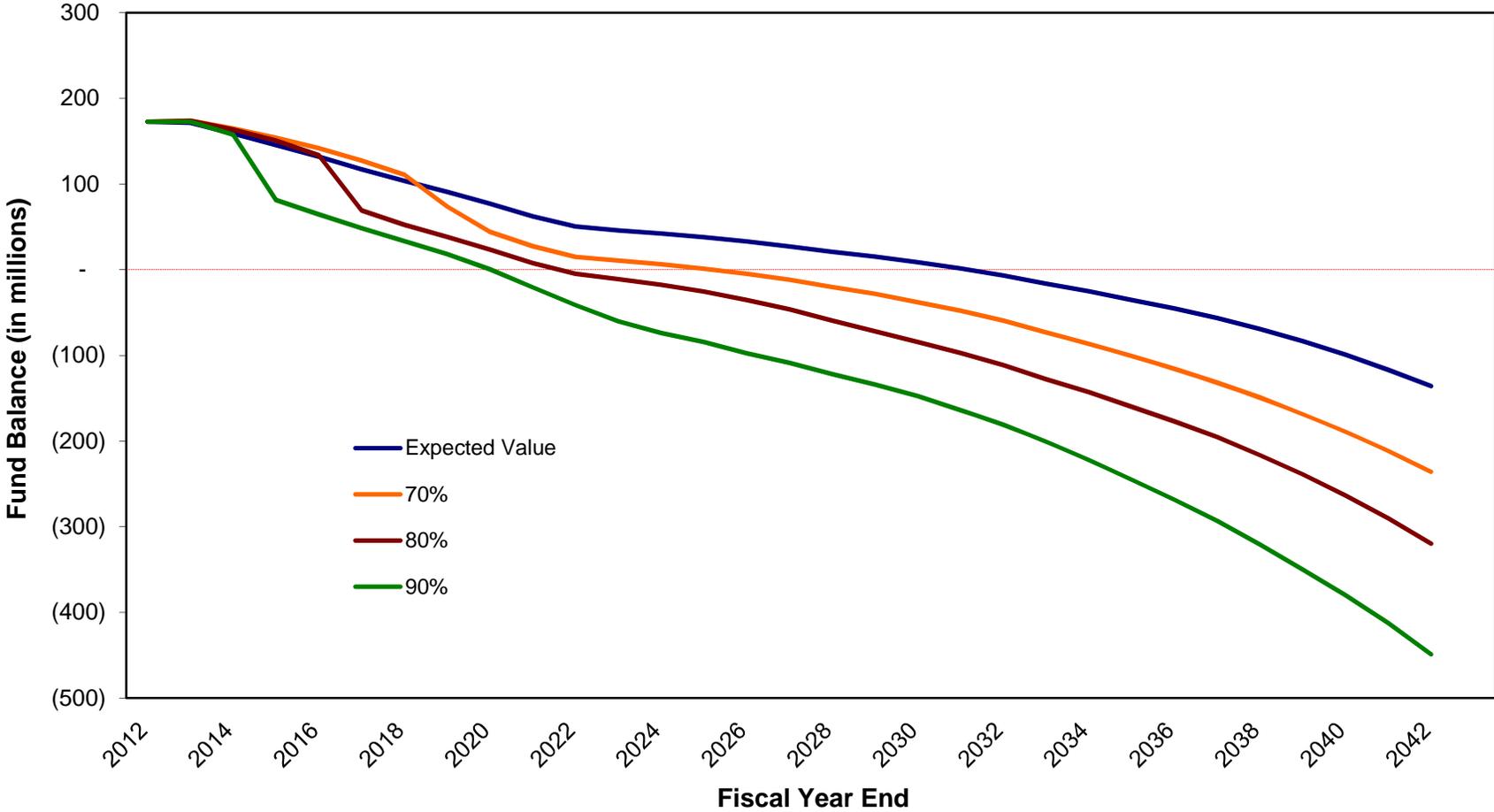
Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End Fund Balance
5% Probability of Catastrophe

| Fiscal Year | Expected Value | Confidence Levels | | |
|--------------------|----------------|-------------------|---------------|---------------|
| | | 70% | 80% | 90% |
| 7/1/2011-6/30/2012 | 172,924,033 | 172,924,033 | 172,924,033 | 172,924,033 |
| 7/1/2012-6/30/2013 | 171,305,100 | 174,232,500 | 173,644,500 | 172,760,400 |
| 7/1/2013-6/30/2014 | 158,914,700 | 165,005,800 | 163,484,100 | 157,670,800 |
| 7/1/2014-6/30/2015 | 145,547,300 | 154,078,600 | 150,762,600 | 81,238,420 |
| 7/1/2015-6/30/2016 | 131,976,000 | 141,885,700 | 133,699,700 | 64,469,580 |
| 7/1/2016-6/30/2017 | 117,324,900 | 127,264,500 | 69,314,350 | 48,413,230 |
| 7/1/2017-6/30/2018 | 103,831,200 | 110,930,400 | 52,402,790 | 33,242,200 |
| 7/1/2018-6/30/2019 | 91,053,610 | 73,630,620 | 38,379,910 | 18,276,880 |
| 7/1/2019-6/30/2020 | 77,056,550 | 44,336,120 | 23,467,980 | 480,961 |
| 7/1/2020-6/30/2021 | 62,264,220 | 27,496,320 | 7,836,627 | (20,469,310) |
| 7/1/2021-6/30/2022 | 50,505,180 | 15,089,810 | (4,834,711) | (41,368,760) |
| 7/1/2022-6/30/2023 | 45,979,150 | 10,649,340 | (10,955,530) | (60,223,680) |
| 7/1/2023-6/30/2024 | 42,228,050 | 6,331,766 | (17,586,930) | (73,851,560) |
| 7/1/2024-6/30/2025 | 37,866,000 | 1,276,701 | (25,379,200) | (84,496,970) |
| 7/1/2025-6/30/2026 | 32,904,410 | (4,744,515) | (35,479,720) | (97,515,740) |
| 7/1/2026-6/30/2027 | 27,263,920 | (11,717,090) | (46,375,600) | (108,865,500) |
| 7/1/2027-6/30/2028 | 20,864,130 | (20,123,390) | (59,283,180) | (121,811,300) |
| 7/1/2028-6/30/2029 | 15,139,750 | (28,055,600) | (72,003,420) | (133,950,700) |
| 7/1/2029-6/30/2030 | 8,658,543 | (37,858,180) | (84,358,490) | (147,632,400) |
| 7/1/2030-6/30/2031 | 1,368,595 | (48,032,640) | (97,241,290) | (163,810,400) |
| 7/1/2031-6/30/2032 | (6,898,132) | (59,512,740) | (111,433,500) | (180,970,600) |
| 7/1/2032-6/30/2033 | (16,161,780) | (73,302,840) | (127,824,100) | (200,890,300) |
| 7/1/2033-6/30/2034 | (25,160,720) | (86,817,420) | (142,921,900) | (222,290,500) |
| 7/1/2034-6/30/2035 | (35,309,340) | (100,895,300) | (159,976,600) | (245,116,500) |
| 7/1/2035-6/30/2036 | (45,249,620) | (115,724,200) | (177,100,200) | (268,593,900) |
| 7/1/2036-6/30/2037 | (56,465,060) | (131,785,200) | (195,531,100) | (293,236,600) |
| 7/1/2037-6/30/2038 | (69,187,710) | (149,275,300) | (216,411,000) | (320,922,200) |
| 7/1/2038-6/30/2039 | (83,479,650) | (168,896,800) | (238,768,000) | (350,164,700) |
| 7/1/2039-6/30/2040 | (99,310,940) | (189,167,900) | (263,489,300) | (379,903,700) |
| 7/1/2040-6/30/2041 | (116,761,000) | (211,519,200) | (290,216,600) | (412,599,400) |
| 7/1/2041-6/30/2042 | (135,902,800) | (235,883,000) | (319,661,700) | (448,951,400) |

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

5% Probability of Catastrophe



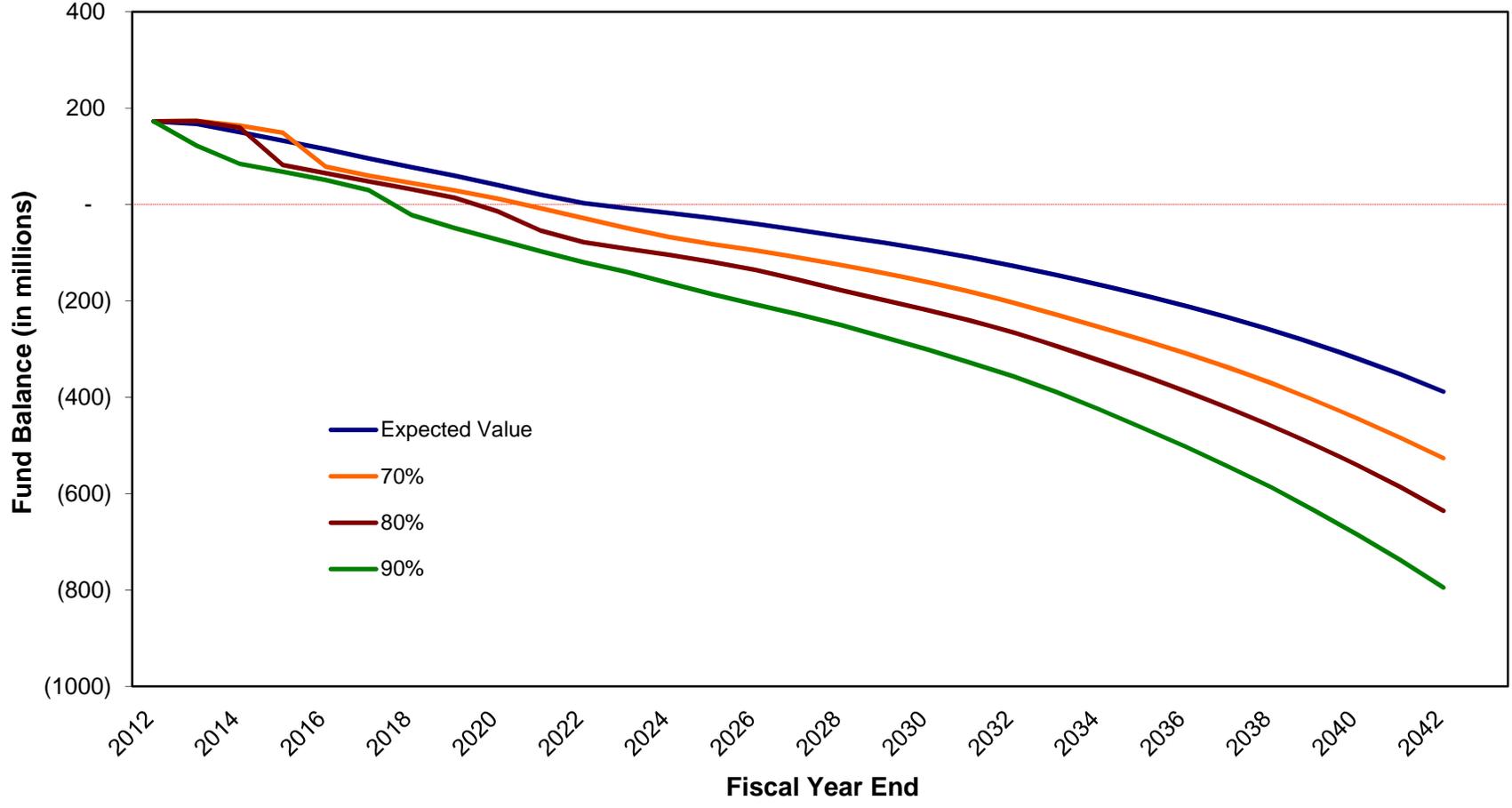
Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End Fund Balance
10% Probability of Catastrophe

| Fiscal Year | Expected Value | Confidence Levels | | |
|--------------------|----------------|-------------------|---------------|---------------|
| | | 70% | 80% | 90% |
| 7/1/2011-6/30/2012 | 172,924,033 | 172,924,033 | 172,924,033 | 172,924,033 |
| 7/1/2012-6/30/2013 | 167,182,000 | 174,007,500 | 173,325,200 | 121,966,700 |
| 7/1/2013-6/30/2014 | 150,626,400 | 163,861,500 | 159,550,700 | 84,615,740 |
| 7/1/2014-6/30/2015 | 133,034,700 | 149,088,900 | 81,970,760 | 67,894,080 |
| 7/1/2015-6/30/2016 | 115,086,400 | 78,575,460 | 65,170,560 | 50,818,790 |
| 7/1/2016-6/30/2017 | 95,951,260 | 59,789,170 | 48,240,140 | 29,717,450 |
| 7/1/2017-6/30/2018 | 77,703,700 | 44,352,600 | 31,422,060 | (22,064,860) |
| 7/1/2018-6/30/2019 | 59,905,620 | 29,470,720 | 14,032,410 | (49,053,300) |
| 7/1/2019-6/30/2020 | 40,666,120 | 12,316,980 | (13,984,410) | (72,909,940) |
| 7/1/2020-6/30/2021 | 20,390,290 | (7,430,181) | (54,191,230) | (96,697,280) |
| 7/1/2021-6/30/2022 | 2,864,554 | (28,325,560) | (78,430,950) | (119,946,200) |
| 7/1/2022-6/30/2023 | (7,676,370) | (49,011,910) | (91,530,590) | (139,895,800) |
| 7/1/2023-6/30/2024 | (17,626,900) | (67,318,390) | (104,548,100) | (163,445,000) |
| 7/1/2024-6/30/2025 | (28,441,480) | (82,277,420) | (119,233,600) | (186,529,600) |
| 7/1/2025-6/30/2026 | (40,153,060) | (95,335,420) | (135,585,900) | (207,489,400) |
| 7/1/2026-6/30/2027 | (52,788,760) | (109,664,400) | (156,112,000) | (227,828,900) |
| 7/1/2027-6/30/2028 | (66,315,960) | (125,980,000) | (177,915,000) | (250,516,200) |
| 7/1/2028-6/30/2029 | (79,564,550) | (143,041,600) | (198,724,000) | (275,864,200) |
| 7/1/2029-6/30/2030 | (93,955,890) | (161,045,600) | (219,155,400) | (300,803,800) |
| 7/1/2030-6/30/2031 | (109,753,600) | (180,882,700) | (241,004,800) | (328,324,600) |
| 7/1/2031-6/30/2032 | (127,262,200) | (204,037,200) | (265,372,300) | (356,455,600) |
| 7/1/2032-6/30/2033 | (146,534,000) | (228,787,600) | (293,784,000) | (389,835,500) |
| 7/1/2033-6/30/2034 | (166,399,800) | (254,392,200) | (323,528,200) | (425,479,600) |
| 7/1/2034-6/30/2035 | (188,132,900) | (281,019,800) | (354,460,500) | (463,873,200) |
| 7/1/2035-6/30/2036 | (210,384,900) | (308,478,800) | (388,607,400) | (502,411,200) |
| 7/1/2036-6/30/2037 | (234,437,600) | (338,445,000) | (422,632,600) | (544,220,900) |
| 7/1/2037-6/30/2038 | (260,472,500) | (370,555,200) | (459,266,800) | (587,193,300) |
| 7/1/2038-6/30/2039 | (288,920,000) | (406,895,000) | (499,221,800) | (634,875,900) |
| 7/1/2039-6/30/2040 | (319,691,900) | (443,934,100) | (541,383,200) | (685,342,300) |
| 7/1/2040-6/30/2041 | (352,843,800) | (484,338,100) | (586,164,100) | (738,259,200) |
| 7/1/2041-6/30/2042 | (388,608,800) | (526,647,900) | (635,583,500) | (795,203,100) |

**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Estimated Fiscal Year End Fund 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
As of 6/30/2012

| Issue Year | Hospitals | | Nursing Homes | | Combined | |
|---------------|------------------|------------------------------|------------------|------------------------------|------------------|------------------------------|
| | Exposure Base | Loan Balance Default Rate | Exposure Base | Loan Balance Default Rate | Exposure Base | Loan Balance Default Rate |
| | (1) | (2) | (3) | (4) | (5) | (6) |
| 1981 | 4,606,300 | 1.96% | 392,300 | 37.09% | 4,998,600 | 4.72% |
| 1982 | 8,153,200 | 1.22% | 838,700 | 40.17% | 8,991,900 | 4.85% |
| 1983 | 8,817,100 | 0.31% | 795,000 | 54.32% | 9,612,100 | 4.78% |
| 1984 | 7,589,500 | 0.29% | 739,700 | 40.11% | 8,329,200 | 3.83% |
| 1985 | 23,821,200 | 1.08% | 1,160,300 | 26.26% | 24,981,500 | 2.25% |
| 1986 | 7,184,300 | 3.94% | 772,800 | 24.40% | 7,957,100 | 5.93% |
| 1987 | 11,121,100 | 1.92% | 914,300 | 13.44% | 12,035,400 | 2.80% |
| 1988 | 10,757,500 | 0.49% | 1,451,700 | 8.57% | 12,209,200 | 1.45% |
| 1989 | 13,397,300 | 0.65% | 1,561,600 | 4.76% | 14,958,900 | 1.08% |
| 1990 | 12,003,000 | 0.82% | 1,678,600 | 10.60% | 13,681,600 | 2.02% |
| 1991 | 15,968,000 | 2.81% | 1,538,500 | 2.23% | 17,506,500 | 2.76% |
| 1992 | 20,414,100 | 2.82% | 2,429,300 | 5.02% | 22,843,400 | 3.05% |
| 1993 | 29,001,500 | 1.96% | 2,515,600 | 9.17% | 31,517,100 | 2.53% |
| 1994 | 13,536,700 | 1.14% | 2,427,400 | 11.48% | 15,964,100 | 2.72% |
| 1995 | 11,442,100 | 0.51% | 1,986,300 | 14.27% | 13,428,400 | 2.54% |
| 1996 | 16,356,200 | 3.37% | 3,040,500 | 10.39% | 19,396,700 | 4.47% |
| 1997 | 22,036,300 | 0.93% | 3,523,600 | 9.07% | 25,559,900 | 2.06% |
| 1998 | 33,623,500 | 0.67% | 5,077,800 | 9.82% | 38,701,300 | 1.87% |
| 1999 | 21,678,800 | 0.47% | 4,981,900 | 7.91% | 26,660,700 | 1.86% |
| 2000 | 14,147,100 | 0.14% | 2,876,400 | 5.99% | 17,023,500 | 1.13% |
| 2001 | 20,232,300 | 0.09% | 2,919,300 | 6.90% | 23,151,600 | 0.95% |
| 2002 | 21,982,400 | 0.55% | 3,787,200 | 4.14% | 25,769,600 | 1.07% |
| 2003 | 25,228,700 | 2.07% | 3,228,400 | 4.58% | 28,457,100 | 2.35% |
| 2004 | 25,692,900 | 0.30% | 3,222,300 | 11.00% | 28,915,200 | 1.49% |
| 2005 | 34,127,000 | 0.60% | 4,276,300 | 5.07% | 38,403,300 | 1.10% |
| 2006 | 32,718,600 | 0.51% | 6,010,800 | 6.00% | 38,729,400 | 1.36% |
| 2007 | 41,009,900 | 3.33% | 7,837,300 | 6.73% | 48,847,200 | 3.88% |
| 2008 | 58,165,000 | 0.96% | 2,498,700 | 11.04% | 60,663,700 | 1.38% |
| 2009 | 43,812,200 | 1.25% | 1,946,300 | 11.00% | 45,758,500 | 1.66% |
| 2010 | 28,223,400 | 1.25% | 2,732,000 | 11.00% | 30,955,400 | 2.11% |
| 2011 | 22,644,500 | 1.25% | 1,217,200 | 11.00% | 23,861,700 | 1.75% |

Indicated CV

| | |
|-------------|-------|
| 1981 - 1999 | 0.444 |
| 1997 - 2007 | 0.486 |
| 1981 - 2011 | 0.530 |
| Prior | 0.450 |

| | |
|----------|-------|
| Selected | 0.700 |
|----------|-------|

Notes:

- (1) From Thomson Reuters
- (2) From Section III, Exhibit 2, Page 2, Column (5)
- (3) From Thomson Reuters
- (4) From Section III, Exhibit 2, Page 5, Column (5)
- (5) = (1) + (3)
- (6) = [(1) x (2) + (3) x (4)] / (5)

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

**Parameters for Monte Carlo Simulation
 As of 6/30/2012**

| | Distribution | Expected | Selected CV | Low | High |
|---------------------|---------------------|-----------------|------------------------|------------------|------------------|
| Default Rate | Truncated Lognormal | 6.25% | 70.00% | 1.56% | 25.00% |
| Loss Severity | Triangle | 62.00% | | 20.00% | 100.00% |
| Loss Severity - CAT | Triangle | 75.00% | | 50.00% | 100.00% |
| New Insured Loan | Uniform | | | Expected - \$50M | Expected + \$50M |
| Termination Rate | Triangle | 5.80% | | 1.00% | 10.60% |
| Investment Yield | Triangle | | | Expected - 2% | Expected + 2% |

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

**Ten Largest Borrowers Based on Original Insured Amount
As of 6/30/2012**

| Borrower | Original Insured Amount | Current Principal Balance |
|------------------------------|--|--|
| #1 | 235,595,000 | 225,610,000 |
| #2 | 150,000,000 | 145,880,000 |
| #3 | 144,495,000 | 119,180,000 |
| #4 | 129,895,000 | 116,315,000 |
| #5 | 133,495,000 | 106,545,000 |
| #6 | 90,000,000 | 75,000,000 |
| #7 | 76,970,000 | 73,605,000 |
| #8 | 98,005,000 | 70,590,000 |
| #9 | 64,020,000 | 62,910,000 |
| #10 | 54,310,000 | 52,735,000 |
| Average | 117,678,500 | |
| Average Excluding High & Low | 110,860,000 | |
| Selected Catastrophic Loss | 110,000,000 | |



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