

**JULY 22, 2016**

**ACTUARIAL STUDY OF HEALTH FACILITY  
CONSTRUCTION LOAN INSURANCE FUND  
AS OF JUNE 30, 2014**

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

CAL-MORTGAGE LOAN INSURANCE DIVISION

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN INSURANCE  
PROGRAM

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## Executive Summary

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

Under the administration of OSHPD, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to needed health care. The sources of revenue for the Program are premiums and fees used to pay all default and administrative expenses. As of June 30, 2014, OSHPD insured 109 projects with an original amount insured totaling \$1,923,939,359.

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 (referred to as “cash balance” as per the Cal-Mortgage Loan Insurance Division Monthly Activity Report Ending June 30, 2014), \$174.29 million as of June 30, 2014, have been derived from the Program’s “earnings” over the past 35-plus years. Nonetheless, if the DOI standards were applied to the Program, the reserve requirement would total \$248.98 million as of June 30, 2014. Thus, under the DOI standards, there is a \$74.69 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 2043/44.

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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 Fund (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 the HFCLIF as of June 30, 2014. 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, 2014 and additional information provided to Oliver Wyman through January 25, 2016.

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

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

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

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## Background Program

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

Under the administration of 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.

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

## Premiums and Fees

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

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

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

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

## Financial Status of the Program

As of June 30, 2014, OSHPD insured 109 projects with an original amount insured totaling \$1,923,939,359. Pursuant to Health and Safety Code, Section 129210, the total amount of insured loans may not exceed \$3 billion.

Most insured loans have a debt service reserve fund of one year's debt service under the control of a trustee and the Program. 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, 2014 was \$174,289,633

- The HFCLIF annual net income (insurance premiums plus recoveries from previously defaulted projects, less default expenses and administrative expenses) for 2012/13 was negative \$5,892,398<sup>1</sup> and for 2013/14 was positive \$6,889,322<sup>2</sup>
- 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 raised from A to A+ in November 2014. In July 2015, it was raised again to AA-.

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<sup>1</sup> Net income was negative for 2012/13 due to two default payments made for Sherman Oaks during the year

<sup>2</sup> 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 \$174.29 million as of June 30, 2014 was analyzed against the California Department of Insurance reserve and capital requirements standard.

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

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

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

Requirements are individually discussed in the sections that follow.

#### *Minimum Capital and Surplus Requirement*

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

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

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

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

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

Discounted case reserves on defaulted loans as provided by Cal-Mortgage and utilized in this analysis total \$90.57 million as shown in Section I, Exhibit 2. Additionally, Section I, Exhibit 3, displays the projected loss payments by fiscal year for the same currently defaulted projects.

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

If Cal-Mortgage were subject to the above statutory requirement, Oliver Wyman believes that pure IBNR reserves would be at Cal-Mortgage’s discretion. As such, Oliver Wyman has included scenarios both with and without a provision for “pipeline IBNR reserves” in our analysis. Oliver Wyman is using the term “pipeline IBNR reserves” to refer to reserves for projects which may default in fiscal year 2014/15. Oliver Wyman has estimated losses from pipeline default projects based on discussions with Cal-Mortgage regarding the probability of default and estimated loss amount by project. Oliver Wyman’s estimated pipeline IBNR reserve is \$16.25 million as of June 30, 2014, as summarized in Section I, Exhibit 2.

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

In addition to the currently defaulted or pipeline default projects previously mentioned, there are a number of previously defaulted projects that have been resolved. Based on information provided by Cal-Mortgage, Oliver Wyman has estimated the present value of recoveries

from these resolved projects to be \$16.19 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 \$13.37 million. Section I, Exhibit 6 shows the detailed calculation of contingency reserves.

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

### *Unearned Premium Reserves*

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

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

The resulting unearned premium reserve provision is approximately \$69.97 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, 2014 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	2012 Study		2014 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)	105,620,756	105,620,756	90,569,700	90,569,700
Pipeline IBNR Reserve	N/A	8,546,169	N/A	16,248,973
Recoveries (Resolved Loans)	(12,601,291)	(12,601,291)	(16,186,445)	(16,186,445)
Contingency Reserve	13,719,946	13,719,946	13,371,034	13,371,034
Unearned Premium Reserve	72,809,601	72,809,601	69,972,462	69,972,462
<b>Total</b>	<b>254,549,012</b>	<b>263,095,180</b>	<b>232,726,751</b>	<b>248,975,724</b>
HFCLIF Balance	172,924,033	172,924,033	174,289,633	174,289,633
<b>Reserve Shortfall</b>	<b>81,624,979</b>	<b>90,171,147</b>	<b>58,437,118</b>	<b>74,686,091</b>

As of June 30, 2014, the actual HFCLIF balance is \$174.29 million. Thus, under California Statutory standards, there is a \$58.44 million shortfall without considering pipeline IBNR reserves. Including the pipeline IBNR reserves increases the shortfall to \$74.69 million. It is at Cal-Mortgage's discretion to include such reserves.

### Comparison to Prior Reserves

Total required reserves decreased by approximately \$14.12 million since the prior evaluation as of June 30, 2012. 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	2012	2014	Change
	Study	Study	
Capital and Surplus	75.00	75.00	0.00
Case Reserve (net of recoveries)	93.02	74.38	(18.64)
Pipeline IBNR Reserve	8.55	16.25	7.70
Contingency Reserve	13.72	13.37	(0.35)
Unearned Premium Reserve	72.81	69.97	(2.84)
<b>Total</b>	<b>263.10</b>	<b>248.98</b>	<b>(14.12)</b>
HFCLIF Balance	172.92	174.29	1.37
<b>Reserve Shortfall</b>	<b>90.17</b>	<b>74.69</b>	<b>(15.49)</b>

This decrease is predominantly due to the decrease in net case reserves since the prior evaluation. This decrease in net case reserves is due to both a decrease in the outstanding

case reserves on current defaults and greater expected recoveries from resolved loans. In addition to this decrease in case reserves, the unearned premium reserve (UEPR) decreased by \$2.84 million.

## 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 2007 through 2013 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 1.00 indicates that all funds available after netting expenses against revenue from the current year's operations must be used to service debt. If a borrower has a debt service ratio of less than 1.00, the borrower has not demonstrated the ability to meet its debt service obligations from the current year's operations. A debt service ratio of 1.20 or greater provides some assurance that a borrower can continue to meet its debt service under current conditions.

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

Section II, Exhibit 1, Pages 3 and 4, display a comparison of the debt service ratios of borrowers insured by Cal-Mortgage for calendar years 2007 through 2013 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.

For all types of facilities in total, the weighted average, average, and median debt service ratios are lower in 2013 than in most historical years.

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

Weighted average debt service ratios are also lower for Clinics in 2012 and 2013 than in prior years.

The percentage of borrowers with total debt service ratios below 1.00 in 2012 (Section II, Exhibit 1, Pages 3 and 4) was higher than it had been in recent prior years. In total, 34% of facilities had a cash flow debt service ratio below 1.00 in 2012, compared with 17% the prior year. In 2013, the percentage dropped back down to 26% which, while still a little high, is more in line with prior years. A similar pattern can be seen for the income debt service ratios.

## **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 2043/44, with an expected ending balance of \$94.95 million. This represents a substantial decrease in ending balance as compared to the 2012 study, which

projected a balance of \$107.06 million through fiscal year 2041/42; however, the projected ending cash balance at the same point in time (namely as of the end of the 2041/42 fiscal year) projected in this analysis is \$103.82 million. Table 3 provides a comparison of assumptions between the 2012 and 2014 reports. Additionally, the following contribute to the change:

- \$1.37 million increase in the starting cash balance at June 30, 2014 versus at June 30, 2012
- \$3.64 million decrease in expected premium income from annual premium loans (due to a number of such loans refinancing and terminating)
- \$10.83 million decrease in expected premium income from up-front premium loans
- \$26.04 million decrease in expected payments on current defaults over the next 30 years
- The negative impact on investment income due to the above items
- The projected investment yield curve decreased, with the average yield decreasing from 3.60% in the 2012 study to 2.78% in the current study (assuming all funds remain in the state's Pooled Money Investment Account, or PMIA). This results in \$46.18 million less in investment income over the forecast period, versus the investment income which would be indicated by applying the yield curve assumed in the 2012 study to the cash flows in the 2014 study. 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. Additionally, Oliver Wyman utilized a different method than in the past for projecting future PMIA investment yields, which Oliver Wyman believes feel more accurately reflects expectations of future economic conditions.

**Table 3**  
**Cal-Mortgage Cash Flow Analysis Change in Assumptions**

Item	2012 Study	2014 Study
Average Investment Yield	3.60%	2.78%
Premium Rate	2.60%	2.60%
Certification and Inspection Fee as % of Loan Principal	0.40%	0.40%
Projected Default Rate	6.25%	6.20%
Estimated Claim Severity	62.00%	64.00%
Estimated Payment Pattern (Paid Within)	10 years	10 years
Administrative Expenses	4,856,646	4,953,910
Trend in Administrative Expenses	4.00%	3.40%

Note that the trend in administrative expenses decreased from 4.00% in the 2012 study to 3.40% in the current study. The current trend in administrative expenses was selected based on discussions with Cal-Mortgage, and better reflects year-to-year changes in administrative expenses for Cal-Mortgage.

Although the study indicates that the expected fund balance will not be depleted until sometime after 2043/44, the expected net cash flow is negative in many of the next thirty years, namely the first eight years and the last seven years.

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 the HFCLIF’s expected financial position under each of the modeled scenarios:

<b>Scenario</b>	<b>Description</b>	<b>Positive Balance Until</b>
<b>Expected</b>	<b>New Loans Insured - 6.20% Default Rate</b>	<b>at least 2043/44</b>
Run-Off	No New Loans Insured - 6.20% Default Rate	2026/27
Adverse	New Loans Insured - 8.0% Default Rate	2041/42
Adverse	New Loans Insured - 10.0% Default Rate	2032/33

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

- Projected default rate
- Claim severity
- Payment pattern
- Termination rate
- Premium income

- Certification and Inspection fee income
- Administrative expenses
- Investment income

### *Projected Default Rate*

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

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

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

An ultimate default rate is calculated for Cal-Mortgage for each issue year based on two segments of historical experience. The first segment, countrywide hospitals experience (Section III, Exhibit 2, Page 2), indicates a 1.22% 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 6.20% (Section III, Exhibit 2, Page 1). The selected ultimate default rates for hospitals and nursing homes from the prior actuarial study were 1.25% and 11.5%, respectively; and the combined selected ultimate default rate was 6.25%.

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 (see Legend, Section 9).

### *Claim Severity*

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

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

Oliver Wyman selected a claim severity of 64.0% 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 62.0%. 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 countrywide experience indicated from the Income Securities Advisors data (Section III, Exhibit 4, Page 2).

### *Termination Rate*

Consideration is given to the possibility that some older loans with an annual premium will be terminated earlier than expected, and not renewed in the Program. In such cases, the HFCLIF will neither make payments on these loans after termination, nor will the HFCLIF receive premium income on these loans after termination. The selected termination rate including refinanced loans is 8.0% for 2014/15 and 2015/16, followed by 6.0% for 2016/17 and thereafter, 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*

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

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

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

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

The selected premium rate Oliver Wyman used for future business is a weighted average of two different premium rates based on BBB loans (for investment grade) and below investment grade loans (Section III, Exhibit 6). Below investment grade loans receive a 300 basis point premium rate. The discounted premium rate for investment grade BBB loans is 185 basis points. Investment grade loans are expected to comprise 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 the premium, a Certification and Inspection fee (C&I fee) is charged on the total proceeds of any new loan when any amount of the loan will be used for construction, remodel, or land purchase.

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

### *Administrative Expenses*

Cal-Mortgage supplied Oliver Wyman with projected fiscal year 2014/15 administrative expenses of \$4.95 million, and an assumed increase in expenses of 3.4% annually thereafter.

### *Investment Income*

Investment income for each fiscal year is calculated based on the product of an average of the prior fiscal year-end and the current fiscal year-end fund balances and an annual yield. For cash flow projections, investment income is calculated based on variable estimated investment yields that, over the next thirty years, average 2.90%. Oliver Wyman modeled future investment yields using an economic scenario generator and standard actuarial methods.

## **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 2043/44. Note that the size of the original loan amount for a catastrophic claim is assumed to be \$115.0 million.

Table 5

Cal-Mortgage Year of Fund Balance Depletion <sup>1</sup>				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
<b>Expected</b>	<b>at least 2043/44</b>	<b>at least 2043/44</b>	<b>2034/35</b>	<b>2025/26</b>
70%	at least 2043/44	at least 2043/44	2028/29	2022/23
80%	at least 2043/44	2042/43	2024/25	2020/21
90%	at least 2043/44	2033/34	2021/22	2019/20

<sup>1</sup> The fund balance becomes negative by the end of the indicated fiscal year

Table 6

Cal-Mortgage Fiscal Year 2043/44 Ending Fund Balance				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
<b>Expected</b>	<b>113,104,000</b>	<b>69,363,350</b>	<b>(104,823,400)</b>	<b>(322,617,500)</b>
70%	75,630,100	25,201,580	(189,332,900)	(444,020,100)
80%	48,186,450	(18,251,060)	(264,511,000)	(535,438,700)
90%	5,976,034	(82,905,680)	(373,001,900)	(671,161,000)

For each catastrophic scenario, the mean year-end fund balance is forecasted for fiscal years 2014/15 through 2043/44 (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 2022/23. 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 2019/20. 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 6.20%. A coefficient of variation of 61.97% is determined based on an analysis of industry data from Income Securities Advisors (Section IV, Exhibit 6, Page 1). The lognormal distribution is truncated between 20.0% and 500.0% of the selected ultimate default rate.

#### *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 0.0% and a maximum of 15.0%.

#### *Investment Yield*

The annual investment yield for each fiscal year is independently modeled as a triangle distribution with a mean equal to the selected investment yield, with plus or minus 2% minimum and maximum, subject to a maximum yield of 8.00%.

### *Catastrophic Loss*

Four scenarios with 0%, 1%, 5%, and 10% probabilities of catastrophic default have been analyzed. Catastrophic loss is assumed to be independent for each upcoming fiscal year. These scenarios are intended to assist Cal-Mortgage in evaluating the impact of catastrophic defaults or higher defaults on Hospitals in the future due to seismic upgrade costs. Section IV, Exhibit 7 shows the ten largest borrowers based on in-force insured loans. Oliver Wyman selected a catastrophe loss level of \$115.0 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 2014
- Monthly Activity Report – June 30, 2014
- Detailed list of each active Cal-Mortgage loan with the following information: loan ID, name of facility, type of facility, issue date, term of loan, type of premium payment, original insured amount, status of loan (paid off, refinance, default, etc), interest rate, outstanding balance, and internal risk rating as of 6/30/2014
- 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 6/30/2014
- Projected payments from the HFCLIF on currently defaulted projects or projects anticipated to default
- Information on resolved loans and expectations of future reimbursements to the HFCLIF
- Historical investment earnings of the HFCLIF
- Up-front premium for loans issued since the last report as well as premium receipts by month for all annual-premium loans
- Information on historical and expected administrative expenses, application income, and certification and inspection fees
- Financial statements for each insured for two fiscal years ending during calendar years 2012 and 2013

Oliver Wyman also relied on industry data as follows:

- Countrywide information regarding defaulted bonds for nursing homes and hospitals prepared by Income Securities Advisors
- Countrywide information regarding bond issues for the period 2005 to 2014 for nursing homes and hospitals prepared by Alacra, Inc.

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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.

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## Considerations and Limitations

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

For the analysis, Oliver Wyman relied on data and information provided without independent audit. Although Oliver Wyman reviewed the data for reasonableness and consistency, Oliver Wyman has not audited or otherwise verified the data. It should also be noted that Oliver Wyman's review of data may not always reveal imperfections. Oliver Wyman has 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, Oliver Wyman's 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, Oliver Wyman supplemented it with external information, as deemed appropriate. Although Oliver Wyman believes these external sources may be more predictive of future experience than any other data of which Oliver Wyman is 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.

Oliver Wyman has not examined, nor does Oliver Wyman 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.

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.

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

Esther Becker 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.

*Oliver Wyman Actuarial Consulting, Inc.:*



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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, 2014**

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)	90,569,700	90,569,700
(3) Pipeline IBNR Reserve	N/A	16,248,973
(4) Recoveries (Resolved Loans)	(16,186,445)	(16,186,445)
(5) Contingency Reserve	13,371,034	13,371,034
(6) Unearned Premium Reserve	69,972,462	69,972,462
(7) Total	232,726,751	248,975,724

Notes:

- (1) Minimum capital and surplus requirement according to California Statutory Insurance Code Section 12107
- (2) From Section I, Exhibit 2, Column (8) - Total defaulted as of 6/30/14
- (3) From Section I, Exhibit 2, Column (8) - Pipeline defaulted after 6/30/14
- (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, 2014**

Loan ID (1)	Borrower (2)	Date of Default (3)	Original Loan Balance (4)	Loan Balance at Time of Default (5)	Current Loan Principal Balances (6)	Estimated Undiscounted Case Reserve (7)	Estimated Discounted Case Reserve (8)	Probability of Payment (9)
0695, 1007	Sherman Oaks Health System	7/26/1995, 12/11/2013	182,230,000	206,755,000	75,360,000	89,494,107	87,913,698	100%
0764, 0830	Kern Valley Healthcare District	6/23/2010, 7/1/2011	19,270,000	14,438,133	10,710,520	2,677,630	2,656,002	25%
**	Other Borrowers	Potential	133,400,000		101,166,893	16,248,973	16,248,973	
	Total				187,237,413		106,818,673	
	Total Defaulted as of 6/30/14		201,500,000	221,193,133	86,070,520		90,569,700	
	Pipeline Default After 6/30/14				101,166,893		16,248,973	

**Notes:**

(1)-(6), (9) Provided by Cal-Mortgage

(7) = (6) x (9)

(8) from Section I, Exhibit 3 for Sherman Oaks and Kern Valley; for Other Borrowers, no discount applied

\*\* 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, 2014**

Year	Sherman Oaks Health System	Kern Valley Healthcare District	Total
	(1)	(2)	(3)
7/1/2014-6/30/2015	11,404,356	892,543	12,296,899
7/1/2015-6/30/2016	11,562,368	892,543	12,454,911
7/1/2016-6/30/2017	11,420,018	892,543	12,312,561
7/1/2017-6/30/2018	11,278,663	0	11,278,663
7/1/2018-6/30/2019	11,469,954	0	11,469,954
7/1/2019-6/30/2020	12,087,250	0	12,087,250
7/1/2020-6/30/2021	12,086,750	0	12,086,750
7/1/2021-6/30/2022	8,184,750	0	8,184,750
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
7/1/2042-6/30/2043	0	0	0
7/1/2043-6/30/2044	0	0	0
<b>Total (Undiscounted)</b>	<b>89,494,107</b>	<b>2,677,630</b>	<b>92,171,737</b>

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

**Summary of Resolved Loans  
As of June 30, 2014**

Loan ID (1)	Borrower (2)	Original Loan Balance (3)	Date of Loan Default (4)	Loan Balance at Time of Default (5)	Total Net Payment From HFCLIF (6)	Date Resolved (7)	Estimated Recoveries or Future Income (8)	Estimated Discounted Recovery (9)
0446, 0846	Hermandad Mexicana Nacional	4,585,000	12/29/1998	4,095,000	4,525,559	9/9/2010	977,000	950,875
0738, 0739, 0748	Los Medanos HealthCare District	11,080,000	8/28/1995	9,161,896	1,902,671	6/18/2007	1,300,000	1,282,083
0862,0867	Verdugo Mental Health	6,315,000	12/9/2010	5,220,000	5,258,099	5/13/2011	7,588,873	7,145,147
0742	Health Care Delivery Services	9,930,000	2/26/1996	4,192,984	5,487,216	9/1/2006	5,739,409	5,488,786
0564, 0929, 0944, 0945	Mendocino Coast District Hospital	12,830,000	12/14/2012	1,005,806	1,005,805	3/31/2015	1,346,713	1,319,554
<b>Total</b>		<b>44,740,000</b>			<b>18,179,350</b>		<b>16,951,995</b>	<b>16,186,445</b>

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, 2014**

Year	Hermandad Mexicana Nacional	Los Medanos HealthCare District	Verdugo Mental Health	Health Care Delivery Services	Mendocino Coast District Hospital	Total
7/1/2014-6/30/2015	72,900	100,000	252,962	258,921	12,573	697,356
7/1/2015-6/30/2016	72,900	100,000	252,962	258,921	75,186	759,969
7/1/2016-6/30/2017	72,900	100,000	252,962	258,921	146,749	831,532
7/1/2017-6/30/2018	72,900	500,000	252,962	258,921	166,644	1,251,428
7/1/2018-6/30/2019	72,900	500,000	252,962	258,921	233,207	1,317,990
7/1/2019-6/30/2020	72,900		252,962	258,921	223,207	807,990
7/1/2020-6/30/2021	72,900		252,962	258,921	243,884	828,667
7/1/2021-6/30/2022	72,900		252,962	258,921	245,264	830,047
7/1/2022-6/30/2023	72,900		252,962	258,921	0	584,783
7/1/2023-6/30/2024	72,900		252,962	258,921	0	584,783
7/1/2024-6/30/2025	72,900		252,962	258,921	0	584,783
7/1/2025-6/30/2026	72,900		252,962	258,921	0	584,783
7/1/2026-6/30/2027	72,900		252,962	258,921	0	584,783
7/1/2027-6/30/2028	29,300		252,962	258,921	0	541,183
7/1/2028-6/30/2029			252,962	258,921	0	511,883
7/1/2029-6/30/2030			252,962	258,921	0	511,883
7/1/2030-6/30/2031			252,962	258,921	0	511,883
7/1/2031-6/30/2032			252,962	258,921	0	511,883
7/1/2032-6/30/2033			252,962	258,921	0	511,883
7/1/2033-6/30/2034			252,962	258,921	0	511,883
7/1/2034-6/30/2035			252,962	258,921	0	511,883
7/1/2035-6/30/2036			252,962	258,921	0	511,883
7/1/2036-6/30/2037			252,962	43,153	0	296,116
7/1/2037-6/30/2038			252,962		0	252,962
7/1/2038-6/30/2039			252,962		0	252,962
7/1/2039-6/30/2040			252,962		0	252,962
7/1/2040-6/30/2041			252,962		0	252,962
7/1/2041-6/30/2042			252,962		0	252,962
7/1/2042-6/30/2043			252,962		0	252,962
7/1/2043-6/30/2044			252,962		0	252,962
7/1/2044-6/30/2045						-
7/1/2045-6/30/2046						-
<b>Total</b>	<b>977,000</b>	<b>1,300,000</b>	<b>7,588,873</b>	<b>5,739,409</b>	<b>1,346,713</b>	<b>16,951,995</b>
Discounted at 0.4%	950,875	1,282,083	7,145,147	5,488,786	1,319,554	16,186,445

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

**Contingency Reserves Calculation  
As of June 30, 2014**

(1) Principal Outstanding	1,671,379,249
(2) Contingency Factor	0.80%
(3) Contingency Reserves Requirement	13,371,034

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, 2014**

Month	Annual Premium (1)	Unearned Premium Reserve Factor (2)	Unearned Premium Reserves (3)
Jul-13	11,937	0.0417	497
Aug-13	11,775	0.1250	1,472
Sep-13	12,821	0.2083	2,671
Oct-13	35,157	0.2917	10,254
Nov-13	14,465	0.3750	5,424
Dec-13	10,953	0.4583	5,020
Jan-14	70,392	0.5417	38,129
Feb-14	0	0.6250	0
Mar-14	12,041	0.7083	8,529
Apr-14	16,964	0.7917	13,430
May-14	0	0.8750	0
Jun-14	9,567	0.9583	9,168
<hr/>			
(4) Subtotal (Annual Premium)	206,072		94,595
(5) Subtotal (One-time Premium)			69,877,867
(6) Total Unearned Premium Reserves			69,972,462

Notes:

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

Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Unearned Premium Reserves Calculation - One-time Nonrefundable Premium  
As of June 30, 2014

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)
0761	EL CENTRO REGIONAL MEDICAL CENTER	EL CENTRO REGIONAL MEDICAL CENTER	HOSP		26-Apr-2001	39,300,000	25,913,000	1,949,764	1,285,604
0764	KERN VALLEY HEALTHCARE DISTRICT	KERN VALLEY HEALTHCARE DISTRICT - L O C	HOSP	1	23-Jun-2000	1,500,000	775,520	6,075	0
0775	SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAM	SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAMS, INC.	OTHER		30-May-2001	1,780,000	815,000	96,743	44,295
0777			OTHER		27-Jun-2001	4,195,000	2,100,000	228,529	114,400
0784	INSTITUTE ON AGING	INSTITUTE ON AGING	MULTI		28-Aug-2008	41,405,000	39,775,000	2,614,628	2,511,697
0796	ALDERSLY, INC.	ALDERSLY, INC.	MULTI		26-Sep-2002	7,125,000	5,440,000	382,597	292,116
0804	NORTH COUNTY SERENITY HOUSE	NORTH COUNTY SERENITY HOUSE	OTHER		28-Jan-2003	5,795,000	3,810,000	314,395	206,703
0815	PRINCIPLES, INC.	PRINCIPLES, INC.	OTHER		29-Apr-2003	2,040,000	1,095,000	92,054	49,411
0821	WEST OAKLAND HEALTH COUNCIL, INC.	WEST OAKLAND HEALTH COUNCIL, INC.	CLINIC		21-Jul-2003	2,225,000	1,075,000	85,442	41,281
0824	DEL NORTE CLINICS, INC. - AMPLA HEALTH	DEL NORTE CLINICS, INC. - AMPLA HEALTH - RADIAN	CLINIC		23-Dec-2003	8,795,000	6,280,000	45,610	32,568
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	5,480,000	462,698	241,484
0830	KERN VALLEY HEALTHCARE DISTRICT	KERN VALLEY HEALTHCARE DISTRICT	HOSP		26-Sep-2003	17,770,000	9,935,000	821,553	459,321
0836	ADVENT GROUP MINISTRIES, INC.	ADVENT GROUP MINISTRIES, INC. - Insured HELP II Loan	OTHER		27-Jan-2005	400,000	179,499	14,917	6,694
0843	MAYERS MEMORIAL HOSPITAL DISTRICT	MAYERS MEMORIAL HOSPITAL DISTRICT	HOSP		28-Mar-2007	6,005,000	2,125,000	222,532	78,748
0851	HEALTHRIGHT 360	HEALTHRIGHT 360 (WALDEN HOUSE) - RADIAN	OTHER		30-Dec-2004	7,475,000	4,095,000	316,354	173,307
0855	SOLHEIM LUTHERAN HOME	SOLHEIM LUTHERAN HOME F G I C	MULTI		02-Dec-2004	6,415,000	2,240,000	211,961	74,013
0859	COMMUNITY MEDICAL CENTER, INC.	COMMUNITY MEDICAL CENTERS, INC. - F G I C	CLINIC		12-Apr-2005	3,220,000	1,950,000	145,060	87,847
0863	CALIFORNIA AUTISM FOUNDATION, INC.	CALIFORNIA AUTISM FOUNDATION, INC. - F G I C	OTHER		12-Apr-2005	3,950,000	2,045,000	168,842	87,413
0864	SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAM	SOUTHERN CALIFORNIA ALCOHOL & DRUG PROGRAM - F G I C	OTHER		12-Apr-2005	1,885,000	1,120,000	84,445	50,174
0865	CLINICAS DEL CAMINO REAL, INC.	CLINICAS DEL CAMINO REAL	CLINIC		12-Apr-2005	9,440,000	5,840,000	433,047	267,902
0875	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY - A M B A C	MULTI		20-Dec-2005	16,125,000	9,725,000	666,887	402,200
0876	CALIFORNIA NEVADA METHODIST HOMES	FOREST HILL MANOR (CA NEV METHODIST HOMES)	MULTI		03-May-2006	42,280,000	29,745,000	2,035,648	1,432,126
0877	KINSHIP CENTER	RESIDENTIAL AND DAY TREATMENT CENTER FOR CHILDREN - KINSHIF	CLINIC		14-Mar-2006	2,910,000	2,270,000	146,051	113,930
0883	LODI MEMORIAL HOSPITAL ASSOCIATION, INC.	LODI MEMORIAL HOSPITAL ASSOCIATION, INC.	HOSP		13-Dec-2007	150,000,000	140,030,000	5,651,669	5,276,021
0885	OPTIONS FAMILY OF SERVICES	OPTIONS FAMILY OF SERVICES	OTHER		30-May-2007	3,090,000	2,540,000	161,838	133,032
0886	LOS ANGELES CENTERS FOR ALCOHOL & DRUG ABUSE	LOS ANGELES CENTERS FOR ALCOHOL AND DRUG ABUSE	OTHER		30-May-2007	2,795,000	2,090,000	141,153	105,549
0887	FAMILY HEALTHCARE NETWORK	FAMILY HEALTHCARE NETWORK, INC.	CLINIC		15-Apr-2008	7,910,000	6,730,000	376,898	320,673
0891	ASIAN COMMUNITY SKILLED NURSING FACILITY	ASIAN COMMUNITY SKILLED NURSING FACILITY - A M B A C	SNF		03-Oct-2007	19,405,000	18,260,000	1,052,203	990,117
0894	HILL COUNTRY COMMUNITY CLINIC	HILL COUNTRY COMMUNITY CLINIC	CLINIC		30-Oct-2007	5,250,000	4,675,000	274,884	244,778
0895	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	CLINIC		14-Feb-2008	59,595,000	19,520,000	2,694,701	882,437
0897	VALLEY HEALTH TEAM, INC.	VALLEY HEALTH TEAM, INC.	CLINIC		11-Mar-2008	2,325,000	1,850,000	112,760	88,723
0900	LA MAESTRA FAMILY CLINIC, INC.	LA MAESTRA FAMILY CLINIC, INC.	CLINIC		04-Sep-2008	18,500,000	17,495,000	1,029,251	973,338
0901	ST. ROSE HOSPITAL	ST. ROSE HOSPITAL	HOSP		28-May-2009	42,100,000	36,225,000	2,165,722	1,863,498
0902	HEALTHRIGHT 360	HEALTHRIGHT 360 (WALDEN HOUSE - L O C)	OTHER	2	18-Jul-2008	4,500,000	4,400,000	10,800	0
0908	PILGRIM PLACE IN CLAREMONT, INC.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI		19-Aug-2009	26,500,000	25,585,000	1,751,585	1,691,106
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	4,900,000	57,000	0
0923	NORTH COUNTY SERENITY HOUSE	NORTH COUNTY SERENITY HOUSE - L O C	OTHER	1	20-Mar-2009	400,000	125,000	765	0
0929	MENDOCINO COAST HEALTH CARE DISTRICT	MENDOCINO COAST HOSPITAL	HOSP		14-Oct-2009	5,000,000	4,250,000	236,404	200,944
0930	SALUD PARA LA GENTE	SALUD PARA LA GENTE	CLINIC		17-Mar-2010	3,350,000	2,620,000	142,165	119,673
0931	THE HELP GROUP	THE HELP GROUP	CLINIC		19-Nov-2009	3,395,000	5,080,000	335,920	316,307
0932	ST. ROSE HOSPITAL	ST. ROSE HOSPITAL - L O C	HOSP	2	28-May-2009	21,500,000	8,700,000	42,175	0
0935	ASIAN HEALTH SERVICES	ASIAN HEALTH SERVICES	CLINIC		21-Oct-2009	4,005,000	2,775,000	151,573	105,022
0936	SANTA ROSA COMMUNITY HEALTH CENTERS	SA COMMUNITY HEALTH CENTERS - SOUTHWEST COMMUNITY HEALTH	CLINIC		28-Feb-2010	13,270,000	12,765,000	824,867	793,476
0938	VALLEY COMMUNITY CLINIC	VALLEY COMMUNITY CLINIC	CLINIC		29-Apr-2010	2,940,000	2,910,000	131,139	122,762
0940	CASA DE LAS CAMPANAS	CASA DE LAS CAMPANAS	MULTI		28-Jan-2010	54,310,000	50,655,000	1,978,772	1,845,603
0941	FAMILY HEALTHCARE 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	61,640,000	3,526,100	3,395,014
0945	MENDOCINO COAST HEALTH CARE DISTRICT	MENDOCINO COAST HOSPITAL	HOSP		08-Jul-2010	2,875,000	2,380,000	129,059	106,838
0946	PETALUMA HEALTH CENTER	PETALUMA HEALTH CENTER	CLINIC		02-Jun-2010	6,865,000	6,650,000	363,956	350,614
0951	VOCATIONAL VISIONS	VOCATIONAL VISIONS	OTHER		09-Jul-2010	2,370,000	2,135,000	129,960	117,074
0952	NORTH KERN - SOUTH TULARE HOSPITAL DISTRICT	NORTH KERN SOUTH TULARE HOSPITAL DISTRICT	SNF		09-Sep-2010	7,115,000	6,445,000	331,817	300,571
0953	SOUTHERN CALIFORNIA DEVELOPMENT - V O A, INC.	SOUTHERN CALIFORNIA DEVELOPMENT CORP OF THE V O A, INC.	OTHER		28-Apr-2011	4,495,000	4,310,000	276,947	265,549
0954	SIERRA VIEW HOMES	SIERRA VIEW HOMES INC.	MULTI		30-Sep-2010	13,325,000	12,690,000	758,743	722,596
0955	LINCOLN GLEN MANOR FOR SENIOR CITIZENS	LINCOLN GLEN MANOR	MULTI		27-Apr-2011	14,000,000	13,040,000	805,519	750,098
0956	ST. JOHN'S WELL CHILD AND FAMILY CENTER	ST. JOHN'S WELL CHILD AND FAMILY CENTER	CLINIC		30-Nov-2011	5,370,000	5,195,000	329,648	318,905
0961	UNITED HEALTH CENTER OF THE SAN JOAQUIN VALLEY	UNITED HEALTH CENTERS OF THE SAN JOAQUIN VALLEY	CLINIC		20-Apr-2011	5,020,000	4,790,000	343,846	328,092
0963	COMMUNITY PROGRAM FOR PERSONS WITH DISABILITIES	MMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILTY	OTHER		17-Feb-2011	76,970,000	66,165,000	2,319,304	1,993,722
0964	FELLOWSHIP HOMES, INC.	FELLOWSHIP HOMES OF CALIFORNIA	MULTI		07-Oct-2011	2,785,000	2,175,000	99,044	77,350
0971	T L C CHILD & FAMILY SERVICES	TLC CHILD & FAMILY SERVICES	OTHER		06-Oct-2011	2,475,000	2,195,000	94,978	84,233
0974	GATEWAYS HOSPITAL & MENTAL CENTERS	GATEWAYS HOSPITAL & MENTAL HEALTH CENTER	HOSP		01-Dec-2011	8,085,000	7,665,000	428,068	405,831
0976	THE HELP GROUP	THE HELP GROUP	CLINIC		23-Oct-2011	23,360,000	20,620,000	901,645	795,887
0990	BEACON HOUSE	BEACON HOUSE ASSOCIATION, THE	OTHER		20-Oct-2011	1,505,000	1,300,000	55,900	48,286
8334	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER	HOSP		25-Mar-2004	30,000,000	29,175,000	1,943,759	1,890,305
8338	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER - AMBAC	HOSP		25-Mar-2004	20,000,000	20,000,000	see above	
903A	ENLOE MEDICAL CENTER	ENLOE MEDICAL CENTER	HOSP		21-Aug-2008	68,915,000	51,440,000	1,935,403	1,444,637
903B	ENLOE MEDICAL CENTER	ENLOE MEDICAL CENTER - REFUNDING BONDS	HOSP		21-Aug-2008	166,880,000	166,485,000	7,709,633	7,700,613
0991	ARARAT HOME OF LOS ANGELES, INC.	ARARAT HOME OF LOS ANGELES, INC.	MULTI		26-Nov-2012	2,990,000	2,650,000	103,445	91,682
0999	BECOMING INDEPENDENT	BECOMING INDEPENDENT	OTHER		30-Apr-2013	4,865,000	4,660,000	188,500	180,557
0985	CENTRO DE SALUD DE LA COMUNIDAD DE SAN YSIDRO	SAN YSIDRO HEALTH CENTER	CLINIC		19-Mar-2013	37,730,000	37,005,000	2,093,086	2,052,866
0988	CHINESE HOSPITAL	CHINESE HOSPITAL	HOSP		08-Nov-2012	65,000,000	65,000,000	2,347,615	2,347,615
1002	COMMUNITY CHURCH RETIREMENT CENTER	COMMUNITY CHURCH RETIREMENT CENTER (THE REDWOODS)	MULTI		26-Nov-2013	29,970,000	29,970,000	1,700,435	1,700,435
0881	HOPE SERVICES	HOPE SERVICES	OTHER		28-Sep-2012	2,800,000	2,800,000	76,664	67,387
1012	INSTITUTE ON AGING	INSTITUTE ON AGING - L O C	MULTI	1	24-Mar-2014	3,000,000	1,106,893	6,750	0
0992	LOMPOC DISTRICT HOSPITAL	LOMPOC DISTRICT HOSPITAL	HOSP		07-Mar-2013	18,875,000	18,875,000	861,510	861,510
0997	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	MULTI		20-Dec-2013	71,155,000	71,155,000	2,270,808	2,270,808
0989	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER	HOSP		26-Sep-2012	17,805,000	15,560,000	414,659	362,375
1008	MAYERS MEMORIAL HOSPITAL DISTRICT	MAYERS MEMORIAL HOSPITAL DISTRICT - L O C	HOSP		13-Sep-2013	500,000	400,000	1,963	0
1001	MONTECEDRO	MONTECEDRO	MULTI		12-Jun-2014	140,305,000	140,305,000	5,513,337	5,513,337
0986	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	MULTI		04-Apr-2013	32,315,000	30,340,000	806,505	757,214
0987	O'CONNOR WOODS HOLDING COMPANY	O'CONNOR WOODS	MULTI		12-Jun-2013	48,115,000	48,760,000	1,799,465	1,796,459
0982	ODD FELLOWS HOME OF CALIFORNIA	ODD FELLOWS HOME OF CALIFORNIA	MULTI		08-Oct-2013	98,550,000	94,795,000	6,938,187	3,496,240
1003	POWAY R H F HOUSING, INC.	POWAY R H F HOUSING, INC. - THE GATEWAY	MULTI		07-Nov-2013	13,345,000	13,345,000	675,468	675,468
0983	SAN BENITO HEALTH CARE DISTRICT	SAN BENITO HEALTH CARE DISTRICT	HOSP		19-Mar-2013	24,915,000	24,365,000	953,981	932,922
1010	SOUTHERN CALIFORNIA DEVELOPMENT - V O A, INC.	SUTHERN CALIFORNIA DEVELOPMENT CORPORATION OF THE V O A, IN	OTHER		10-Feb-2014	500,000	494,978	23,667	23,429
1011	ST. JOHN'S WELL CHILD AND FAMILY CENTER	ST. JOHN'S WELL CHILD AND FAMILY CENTER - L O C	CLINIC	1	16-Jun-2014	700,000	700,000	1,762,000	0
0977	THE HELP GROUP	THE HELP GROUP	OTHER		02-Nov-2012	6,210,000	6,210,000	384,321	384,321
Total						1,863,989,359	1,645,264,249	80,154,681	69,877,867

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, 2014

Fiscal Period	HFCLIF Balance (1)	Interest Annualized (2)	Prorated Interest for Period (3)	Return on Investment Portfolio (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	8,282,069	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%
7/1/2012-9/30/2012	163,306,354	569,939	142,485	0.35%
10/1/2012-12/31/2012	172,404,868	544,799	136,200	0.32%
1/1/2013-3/31/2013	166,174,038	456,979	114,245	0.28%
4/1/2013-6/30/2013	168,822,959	415,304	103,826	0.25%
7/1/2013-9/30/2013	166,133,110	413,671	103,418	0.25%
10/1/2013-12/31/2013	169,968,411	421,522	105,380	0.25%
1/1/2014-3/31/2014	168,128,807	373,246	93,311	0.22%
4/1/2014-6/30/2014	174,289,632	397,380	99,345	0.23%
<b>Total</b>				<b>80,542,580</b>
Weighted Average All Years				4.32%
Average 7/1/2005 to 6/30/2014				1.95%
Average 7/1/2007 to 6/30/2014				1.23%
Average 7/1/2009 to 6/30/2014				0.41%
Prior Selection				2.50%
Selected Discounting Interest Rate				<b>0.41%</b>
Standard Deviation All Years				2.07%
Standard Deviation 7/1/2003 to 6/30/2014				1.78%
Selected Standard Deviation				<b>1.78%</b>

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

**Distribution of Active Loans by Facility Type  
As of June 30, 2014**

Facility Type	Number of Projects	Number of Borrowers	Original Insured Amount	Principal Balance	Distribution By Number of Projects	Distribution By Number of Borrowers	Distribution By Original Loan Amount	Distribution By Principal Outstanding
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Hospitals	21	12	717,230,000	631,888,520	19.3%	14.6%	37.3%	37.8%
Multi-levels	24	19	803,645,000	709,216,893	22.0%	23.2%	41.8%	42.4%
Clinics	33	26	210,119,359	181,829,359	30.3%	31.7%	10.9%	10.9%
SNF	2	2	26,520,000	24,705,000	1.8%	2.4%	1.4%	1.5%
Other	29	23	166,425,000	123,739,477	26.6%	28.0%	8.7%	7.4%
<b>Total</b>	<b>109</b>	<b>82</b>	<b>1,923,939,359</b>	<b>1,671,379,249</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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						
	2013	2012	2011	2010	2009	2008	2007	2013	2012	2011	2010	2009	2008	2007	2013	2012	2011	2010	2009	2008	2007
Hospitals	1.93	13.46	1.75	1.87	2.53	3.13	2.05	1.36	1.89	1.25	1.61	2.38	1.29	1.77	1.11	1.86	1.34	1.27	2.16	1.49	1.34
Multi-levels	2.68	2.90	2.26	2.99	3.15	3.97	2.74	2.23	1.60	1.87	1.87	3.41	2.45	3.11	2.16	1.67	1.77	1.91	2.17	2.28	2.07
Clinics	2.89	3.58	4.26	8.10	4.56	9.34	2.97	2.17	2.62	2.59	4.01	2.89	2.58	2.91	2.68	2.97	2.43	2.97	2.35	2.09	2.13
SNF	2.52	2.85	3.89	3.20	2.15	2.31	2.62	2.45	2.85	3.31	3.14	2.11	2.17	2.41	2.33	2.85	5.58	3.42	2.18	1.76	2.84
Other	1.86	2.30	5.28	3.23	3.27	2.79	2.00	1.88	3.18	5.33	3.26	2.28	3.03	1.60	1.34	1.11	1.73	1.52	1.59	1.57	1.77
<b>Total</b>	<b>2.33</b>	<b>7.82</b>	<b>2.45</b>	<b>3.10</b>	<b>3.02</b>	<b>4.05</b>	<b>2.45</b>	<b>1.79</b>	<b>1.99</b>	<b>1.92</b>	<b>2.13</b>	<b>3.18</b>	<b>2.29</b>	<b>2.86</b>	<b>1.81</b>	<b>1.57</b>	<b>1.94</b>	<b>1.87</b>	<b>2.05</b>	<b>1.80</b>	<b>1.93</b>

Summary of Income Debt Service Ratios

Facility Type	Weighted Average							Average							Median						
	2013	2012	2011	2010	2009	2008	2007	2013	2012	2011	2010	2009	2008	2007	2013	2012	2011	2010	2009	2008	2007
Hospitals	0.86	11.26	0.87	0.95	1.39	1.50	1.17	0.47	1.10	0.47	0.79	1.36	0.58	0.92	0.30	0.98	0.58	0.53	0.92	0.67	0.71
Multi-levels	1.43	1.84	0.86	1.15	1.94	2.59	1.50	1.21	0.86	1.06	1.12	1.82	1.23	1.87	1.00	0.82	1.05	1.11	1.21	1.28	1.16
Clinics	1.55	2.41	2.83	6.37	3.08	5.40	1.73	1.20	1.75	1.64	2.92	1.92	1.64	1.89	1.12	1.68	1.59	1.82	1.25	1.17	1.09
SNF	1.15	1.59	2.55	2.24	1.58	1.80	2.00	1.07	1.59	2.17	2.24	1.54	1.67	1.89	0.92	1.59	3.66	2.21	1.68	1.17	2.21
Other	1.21	1.47	4.45	2.53	2.43	2.03	1.38	1.24	2.36	4.50	2.55	1.46	2.29	1.16	0.78	0.65	1.27	0.90	0.96	0.86	1.25
<b>Total</b>	<b>1.18</b>	<b>6.23</b>	<b>1.29</b>	<b>1.72</b>	<b>1.86</b>	<b>2.37</b>	<b>1.41</b>	<b>0.86</b>	<b>1.20</b>	<b>1.09</b>	<b>1.31</b>	<b>1.74</b>	<b>1.19</b>	<b>1.72</b>	<b>0.97</b>	<b>0.82</b>	<b>1.17</b>	<b>1.10</b>	<b>1.15</b>	<b>0.95</b>	<b>1.08</b>

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	2013			2012			2011			2010			2009			2008			2007		
	<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	46%	8%	46%	31%	0%	69%	42%	8%	50%	42%	8%	50%	21%	0%	79%	36%	0%	64%	23%	8%	69%
Multi-levels	16%	0%	84%	17%	6%	78%	5%	0%	95%	10%	5%	86%	14%	18%	68%	14%	14%	73%	21%	0%	79%
Clinics	23%	5%	73%	35%	0%	65%	14%	4%	82%	21%	3%	76%	25%	0%	75%	25%	3%	72%	19%	3%	77%
SNF	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	25%	75%	0%	25%	75%
Other	29%	19%	52%	48%	4%	48%	19%	8%	73%	27%	8%	65%	29%	7%	64%	36%	11%	54%	24%	10%	66%
<b>Total</b>	<b>26%</b>	<b>8%</b>	<b>66%</b>	<b>34%</b>	<b>3%</b>	<b>64%</b>	<b>17%</b>	<b>4%</b>	<b>79%</b>	<b>22%</b>	<b>6%</b>	<b>72%</b>	<b>22%</b>	<b>6%</b>	<b>72%</b>	<b>26%</b>	<b>8%</b>	<b>66%</b>	<b>21%</b>	<b>6%</b>	<b>73%</b>

Income Debt Service Ratios

Facility Type	2013			2012			2011			2010			2009			2008			2007		
	<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	69%	0%	31%	54%	8%	38%	67%	0%	33%	67%	0%	33%	50%	7%	43%	71%	7%	21%	62%	8%	31%
Multi-levels	47%	11%	42%	67%	6%	28%	48%	14%	38%	38%	14%	48%	41%	9%	50%	41%	5%	55%	42%	11%	47%
Clinics	32%	23%	45%	48%	0%	52%	43%	0%	57%	34%	7%	59%	44%	6%	50%	44%	9%	47%	45%	10%	45%
SNF	50%	0%	50%	0%	0%	100%	0%	0%	100%	0%	0%	100%	25%	0%	75%	50%	0%	50%	25%	0%	75%
Other	62%	10%	29%	72%	12%	16%	42%	8%	50%	62%	8%	31%	54%	4%	43%	61%	0%	39%	45%	3%	52%
<b>Total</b>	<b>51%</b>	<b>12%</b>	<b>38%</b>	<b>60%</b>	<b>6%</b>	<b>34%</b>	<b>46%</b>	<b>6%</b>	<b>48%</b>	<b>47%</b>	<b>8%</b>	<b>46%</b>	<b>46%</b>	<b>6%</b>	<b>48%</b>	<b>52%</b>	<b>5%</b>	<b>43%</b>	<b>46%</b>	<b>7%</b>	<b>47%</b>

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

Summary of Debt Service Ratios

Cash Flow Debt Service Ratios

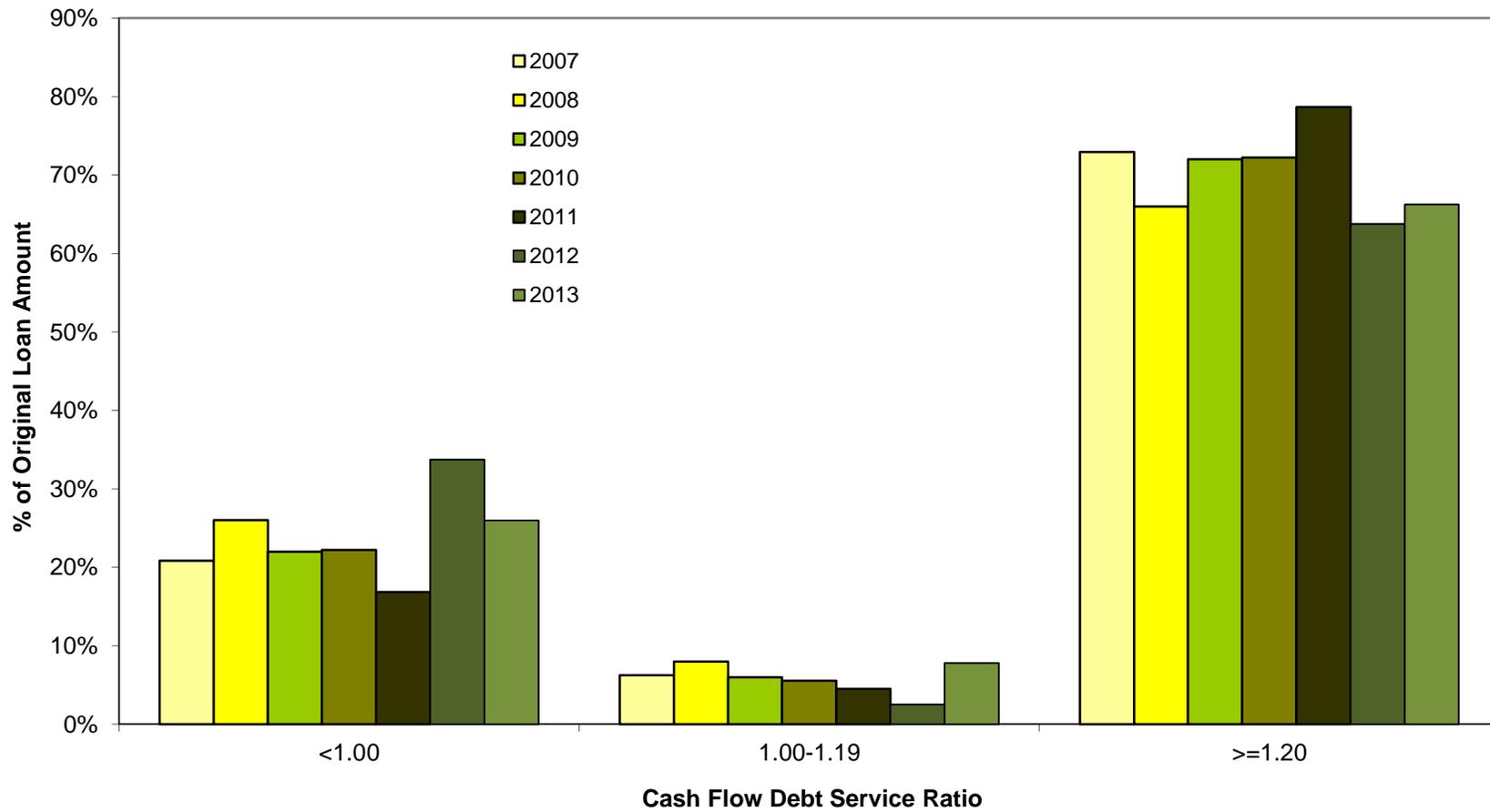
Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2007	21%	6%	73%	23%	8%	69%	21%	0%	79%	19%	3%	77%	0%	25%	75%	24%	10%	66%
2008	26%	8%	66%	36%	0%	64%	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%
2012	34%	3%	64%	31%	0%	69%	17%	6%	78%	35%	0%	65%	0%	0%	100%	48%	4%	48%
2013	26%	8%	66%	46%	8%	46%	16%	0%	84%	23%	5%	73%	0%	0%	100%	29%	19%	52%

Income Debt Service Ratios

Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
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%
2012	60%	6%	34%	54%	8%	38%	67%	6%	28%	48%	0%	52%	0%	0%	100%	72%	12%	16%
2013	51%	12%	38%	69%	0%	31%	47%	11%	42%	32%	23%	45%	50%	0%	50%	62%	10%	29%

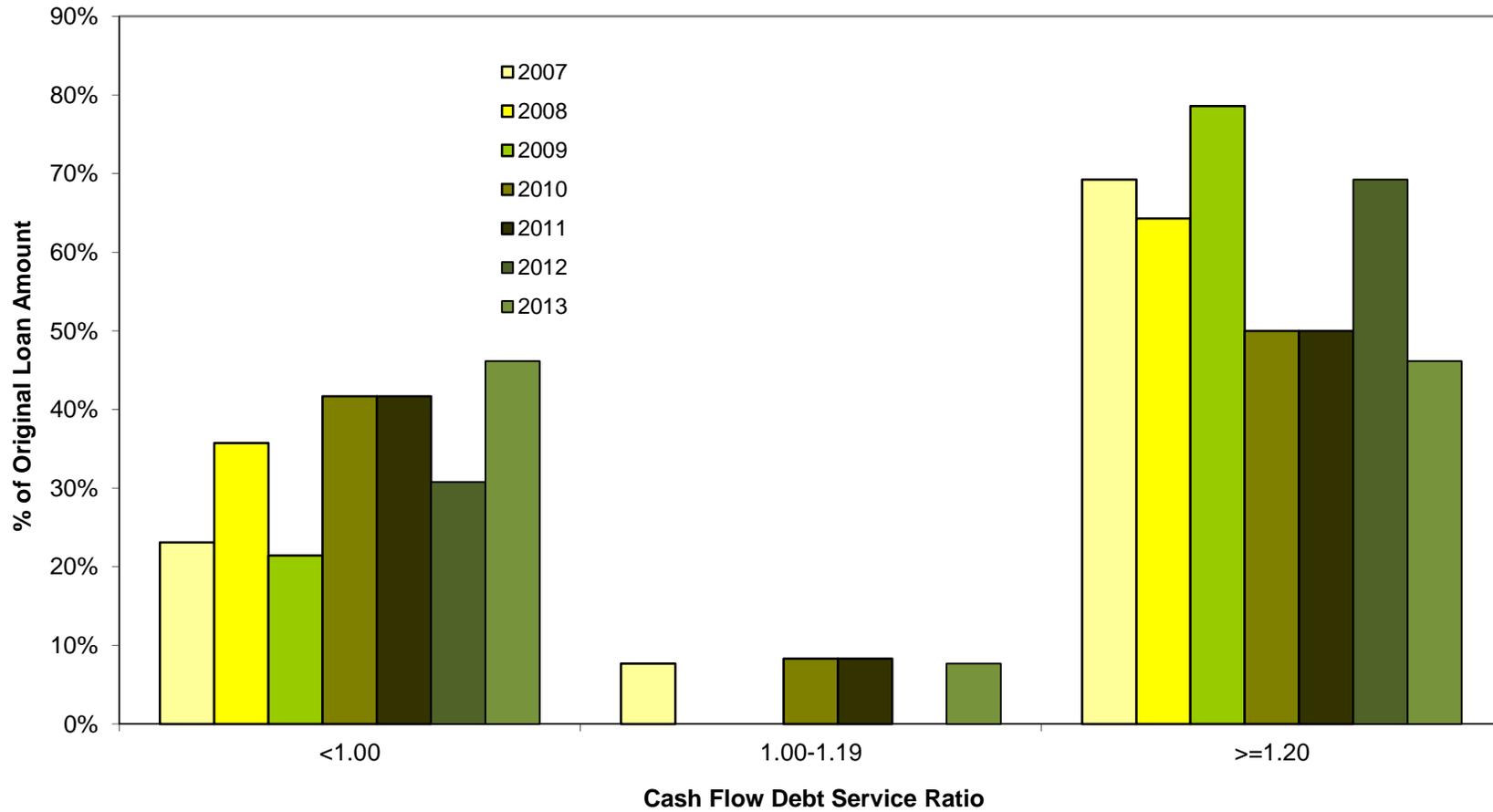
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Cash Flow Debt Service Ratios  
 Distribution by Original Loan Amount**

**TOTAL**



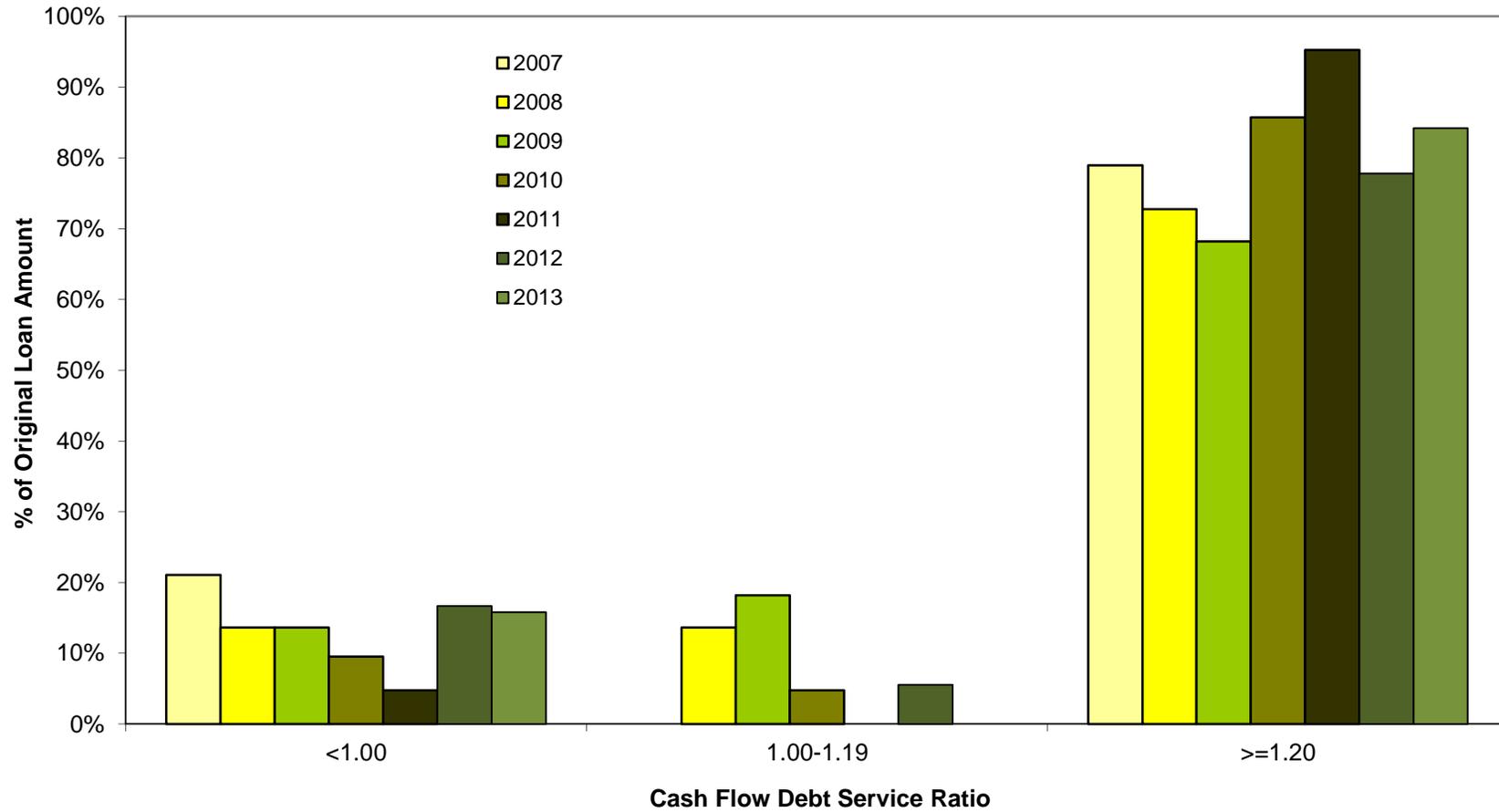
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Cash Flow Debt Service Ratios  
 Distribution by Original Loan Amount**

**HOSPITALS**



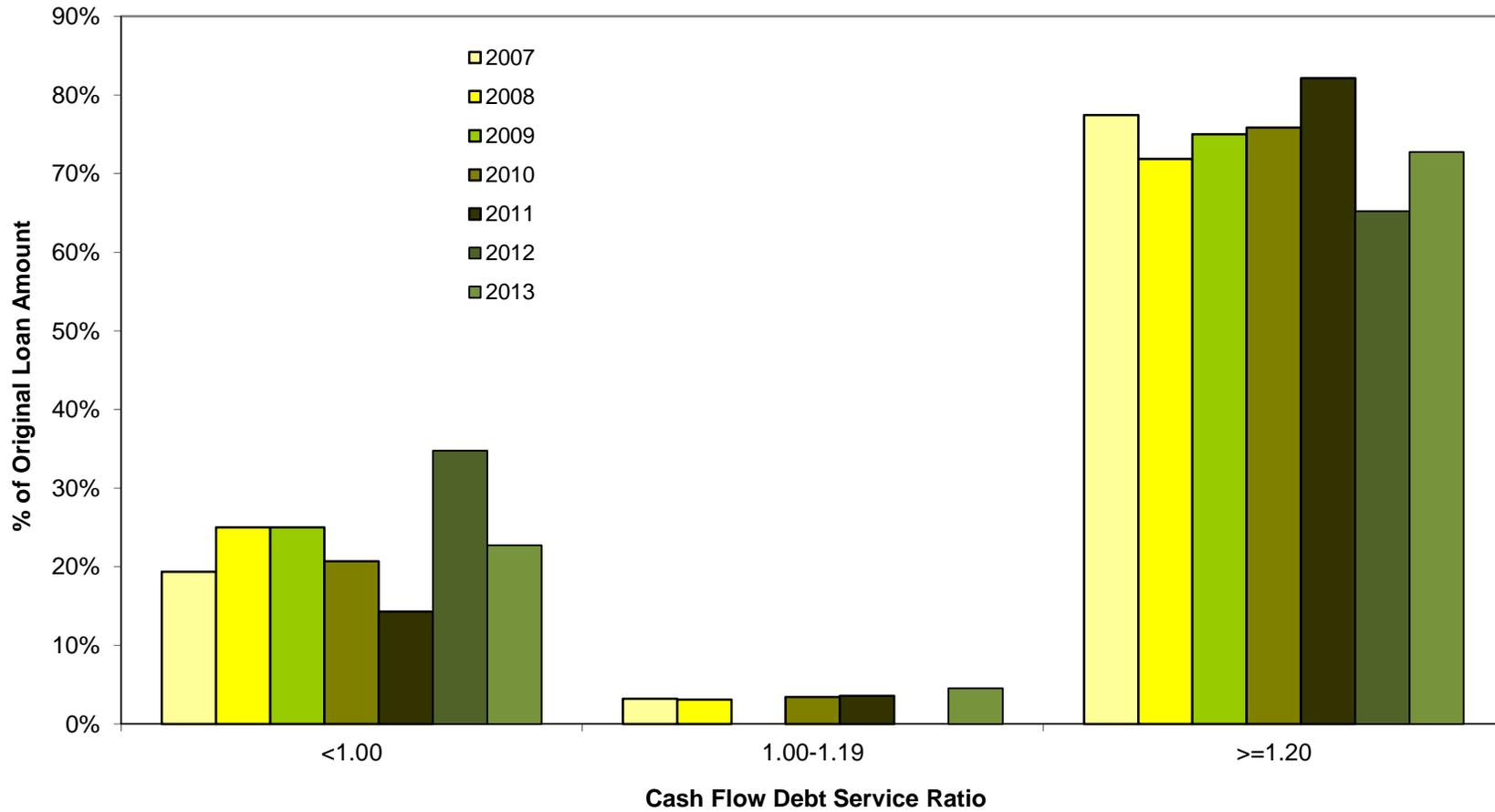
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Cash Flow Debt Service Ratios  
 Distribution by Original Loan Amount**

**MULTI-LEVELS**



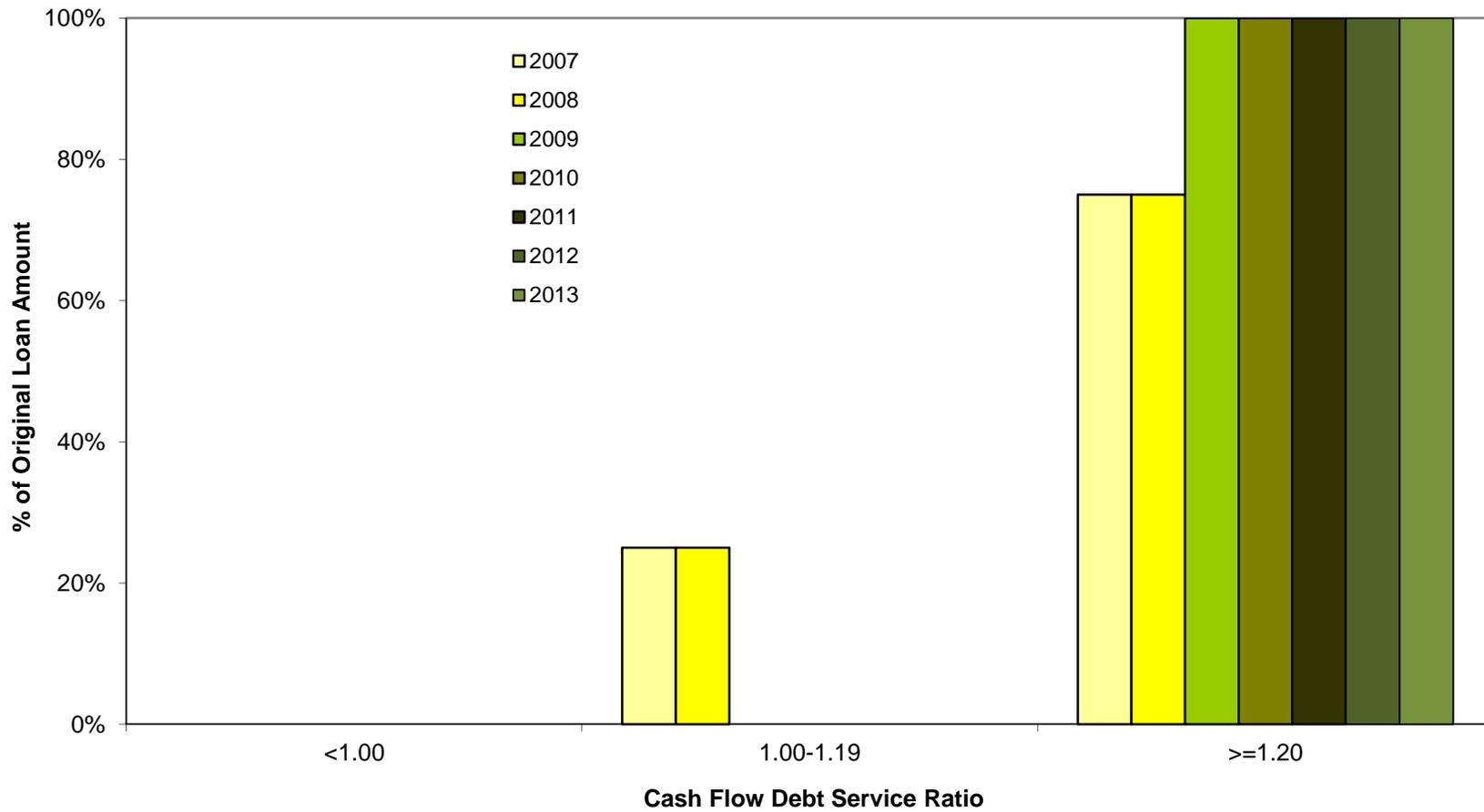
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Cash Flow Debt Service Ratios  
 Distribution by Original Loan Amount**

**CLINICS**



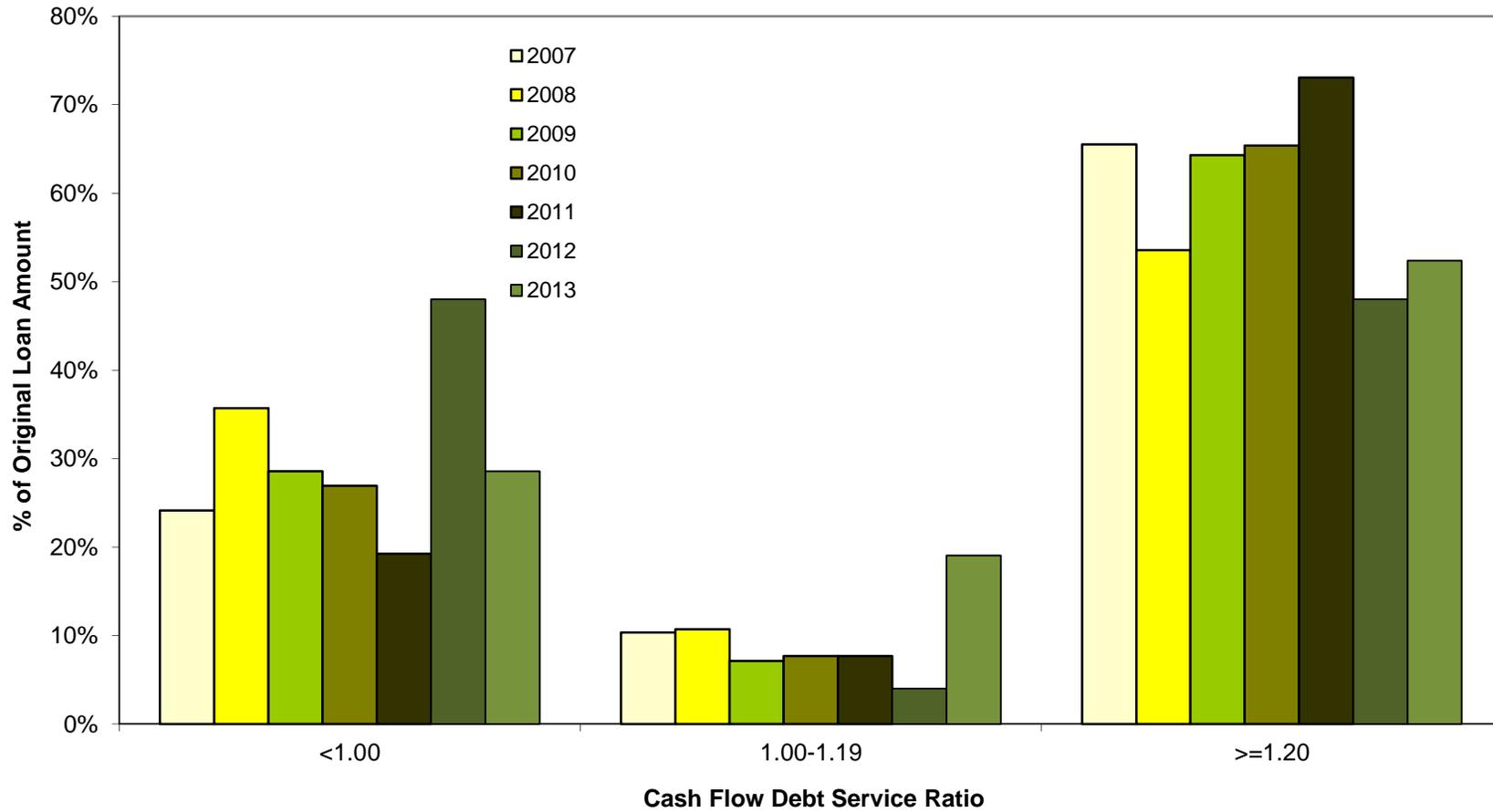
**Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Cash Flow Debt Service Ratios  
Distribution by Original Loan Amount**

**SKILLED NURSING FACILITIES (SNF)**



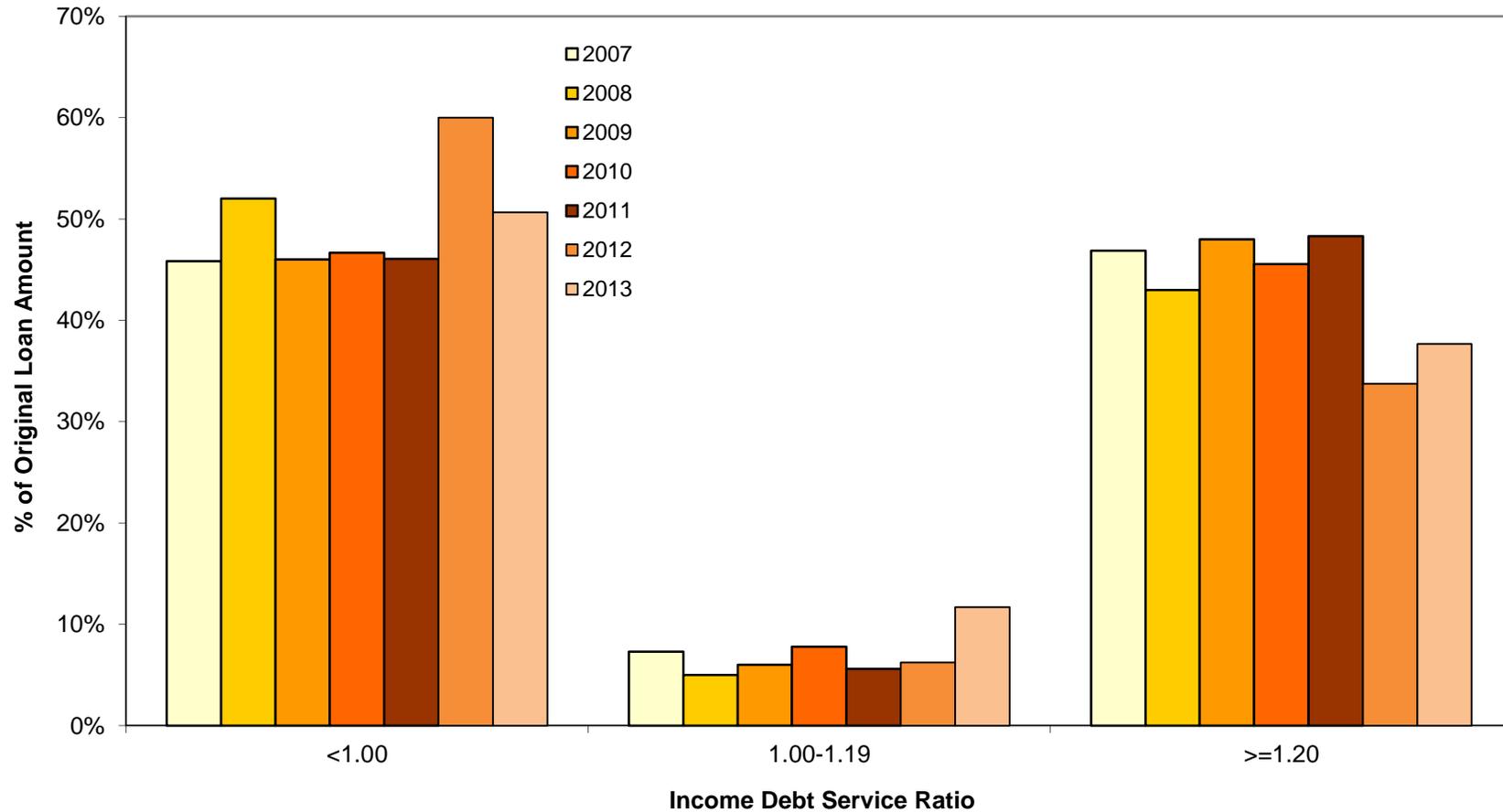
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Cash Flow Debt Service Ratios  
 Distribution by Original Loan Amount**

**OTHER**



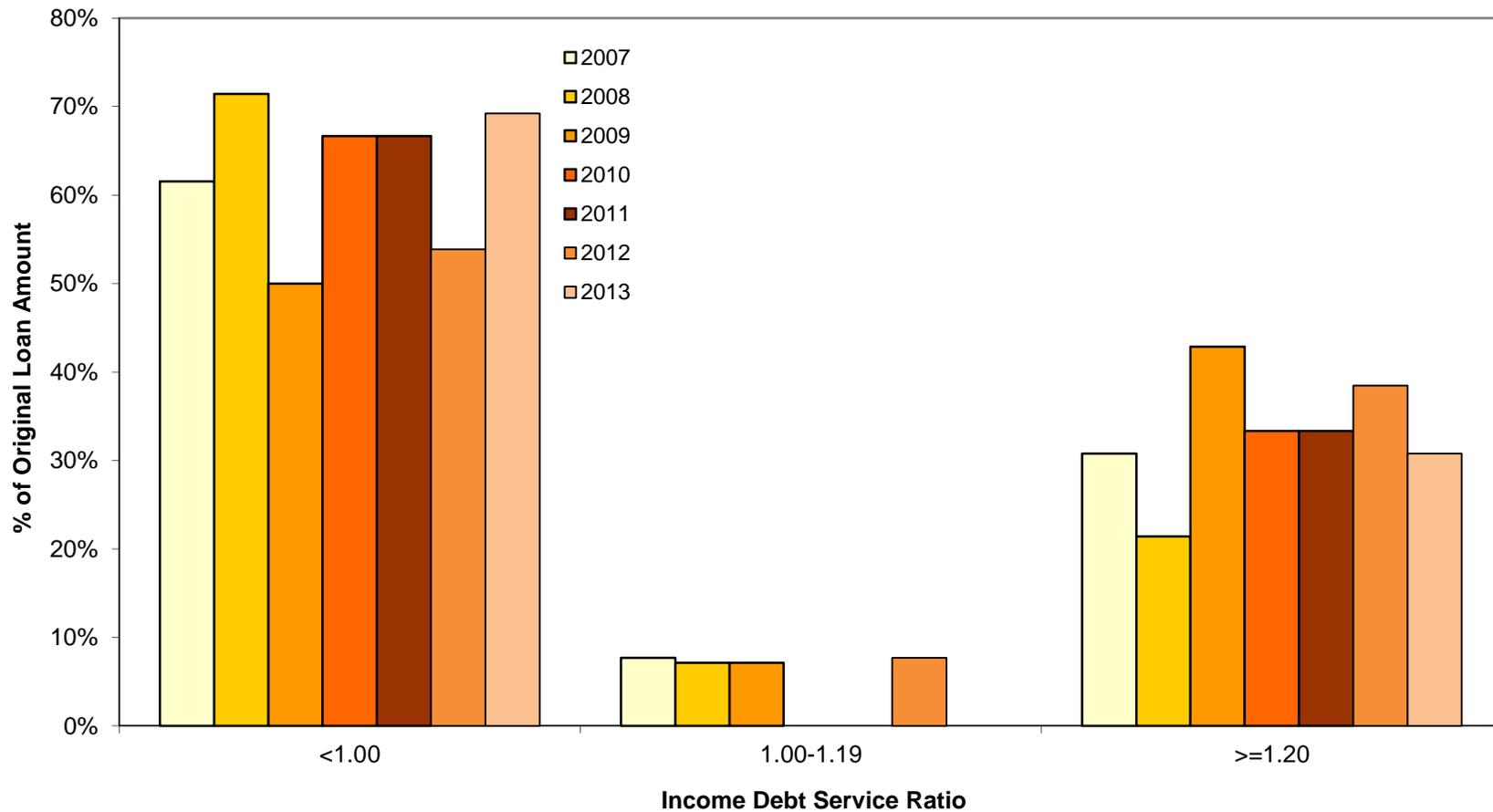
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution by Original Loan Amount**

**TOTAL**



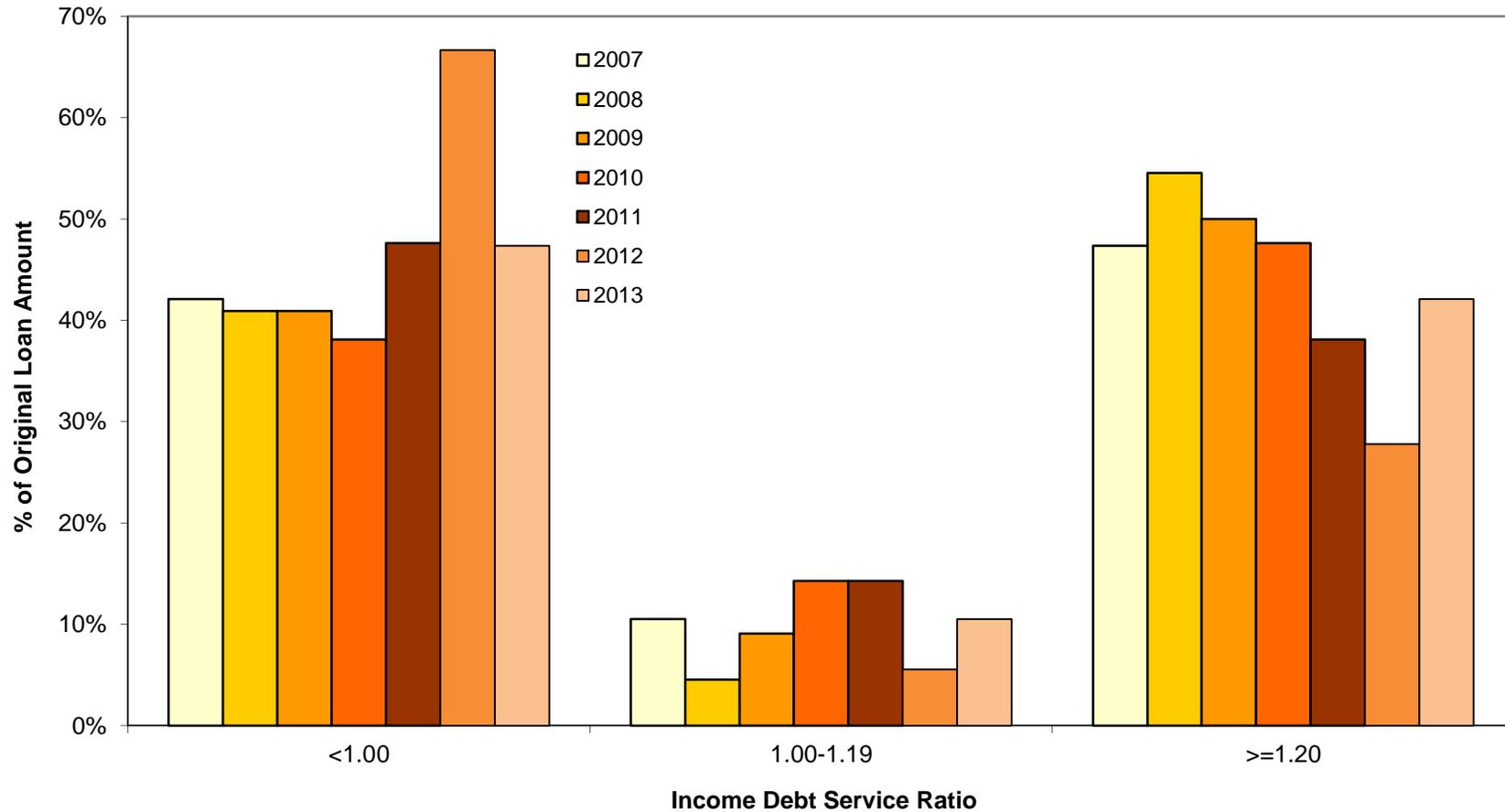
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution by Original Loan Amount**

**HOSPITALS**



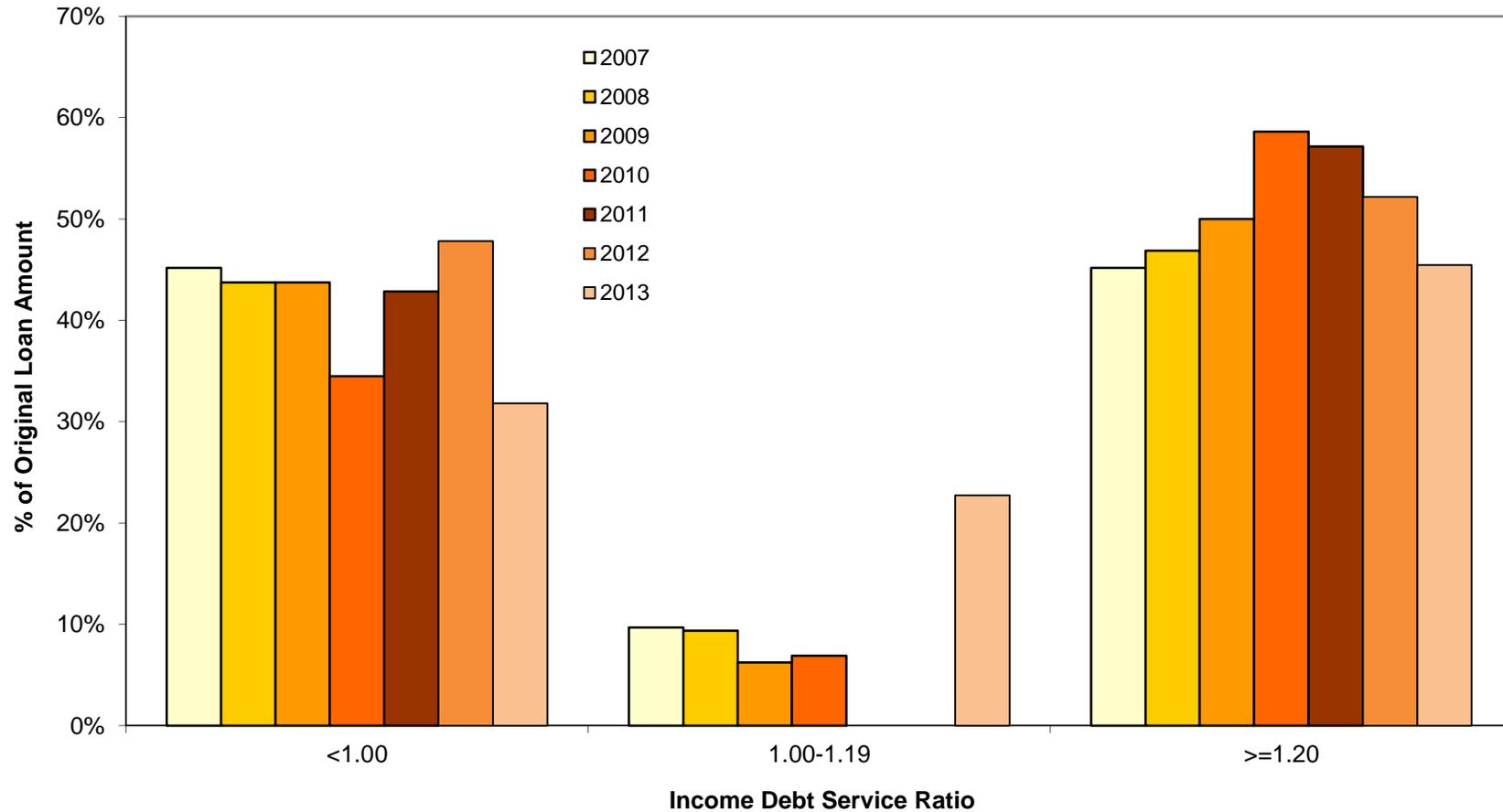
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution by Original Loan Amount**

**MULTI-LEVELS**



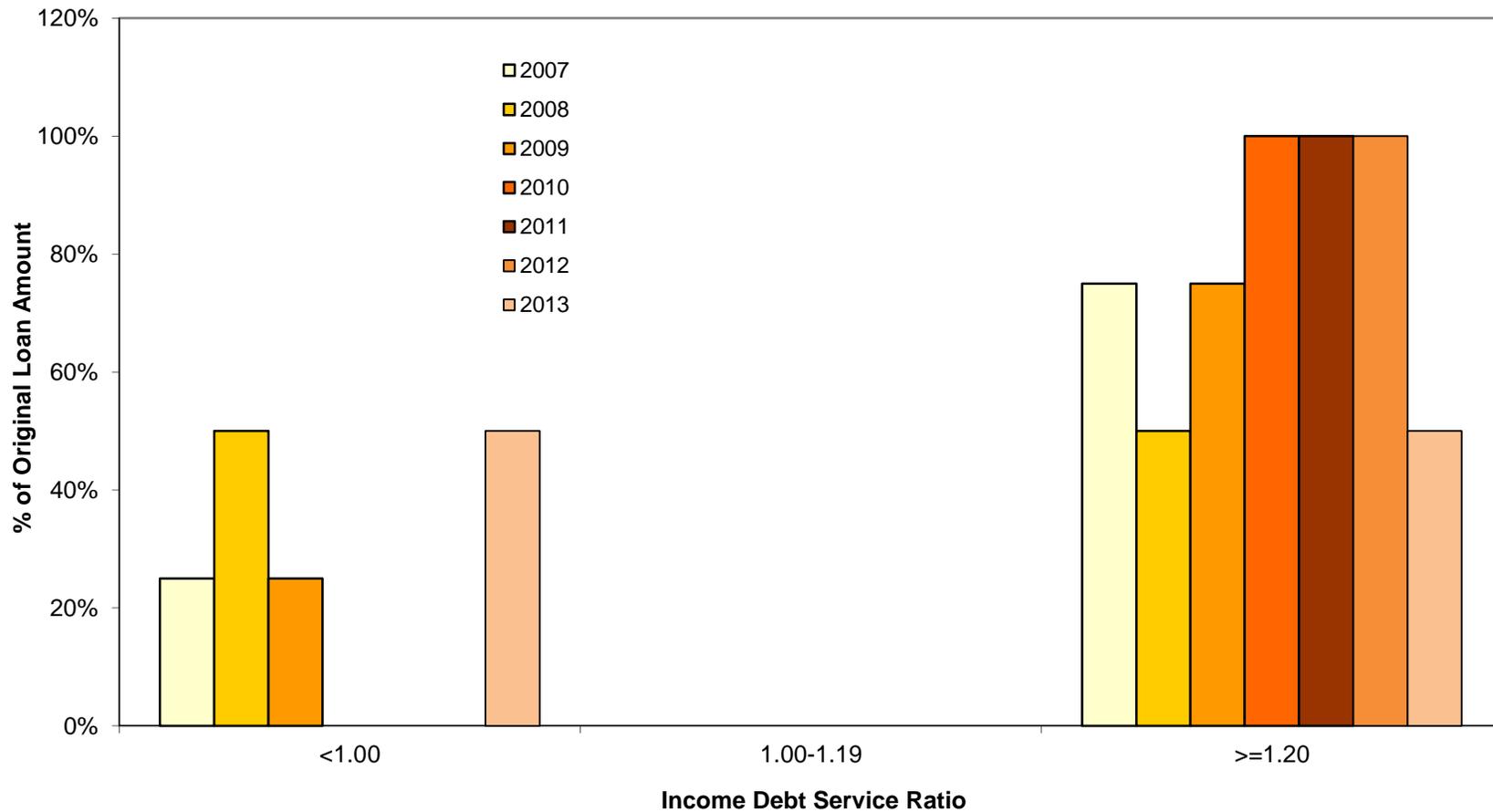
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Income Debt Service Ratios  
 Distribution by Original Loan Amount**

**CLINICS**



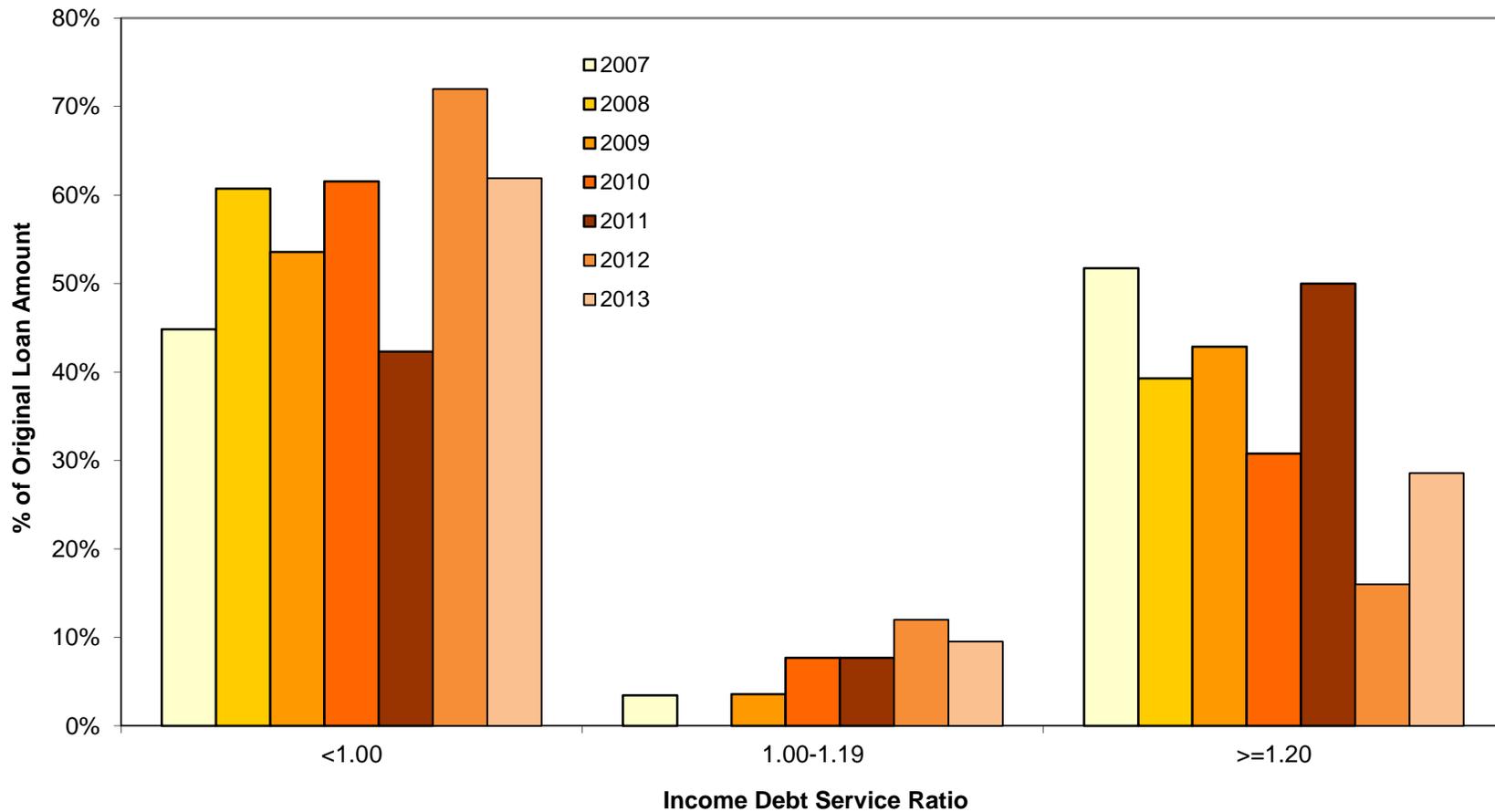
**Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Income Debt Service Ratios  
Distribution by Original Loan Amount**

**SKILLED NURSING FACILITIES (SNF)**



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

**OTHER**



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

Cash Flow Analysis at 6.20% Default Rate - New Loans Insured (Expected Scenario)  
As of June 30, 2014

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)	Percent Terminated & Refinance (3)	Balance Net of Default and Termination (4)	Premium Income (5)	Issued Amount (6)	Estimated Premium as Percent of Insured Amount (7)	Premium Income (8)	Certification and Inspection Fee Income (9)								
7/1/2013-6/30/2014				26,115,000	206,072	259,475,000		10,161,841	670,960								174,289,633
7/1/2014-6/30/2015	22,407,328	52,630	8.0%	20,566,322	116,703	240,145,000	4.82%	11,584,400	932,024	697,356	12,296,899	1,681,833	4,953,910	0.3%	471,594	(5,130,566)	169,159,067
7/1/2015-6/30/2016	19,351,242	10,993	8.0%	17,744,609	95,777	200,000,000	4.82%	9,647,838	776,218	759,969	12,454,911	3,591,695	5,122,343	1.2%	1,950,193	(7,938,953)	161,220,114
7/1/2016-6/30/2017	16,545,629	0	6.0%	15,493,085	83,094	200,000,000	4.82%	9,647,838	776,218	831,532	12,312,561	5,683,448	5,296,503	1.6%	2,424,184	(9,529,646)	151,690,468
7/1/2017-6/30/2018	13,584,883	0	6.0%	12,709,984	70,508	200,000,000	4.82%	9,647,838	776,218	1,251,428	11,278,663	6,832,391	5,476,584	1.9%	2,739,383	(9,102,263)	142,588,205
7/1/2018-6/30/2019	10,453,304	0	6.0%	9,766,299	56,191	225,000,000	4.82%	10,853,818	873,245	1,317,990	11,469,954	7,706,526	5,662,788	2.1%	2,882,196	(8,855,827)	133,732,378
7/1/2019-6/30/2020	7,411,861	0	6.0%	6,907,343	41,684	225,000,000	4.82%	10,853,818	873,245	807,990	12,087,250	8,087,369	5,855,322	2.3%	2,952,784	(10,500,421)	123,231,956
7/1/2020-6/30/2021	4,707,812	0	6.0%	4,365,538	28,182	225,000,000	4.82%	10,853,818	873,245	828,667	12,086,750	8,289,791	6,054,403	2.5%	2,897,341	(12,282,265)	112,282,265
7/1/2021-6/30/2022	2,340,488	0	6.0%	2,140,253	16,264	225,000,000	4.82%	10,853,818	873,245	830,047	8,184,750	8,525,579	6,260,253	2.6%	2,801,118	(7,596,090)	104,686,175
7/1/2022-6/30/2023	695,837	0	6.0%	594,281	6,836	225,000,000	4.82%	10,853,818	873,245	584,783	0	8,579,153	6,473,102	2.7%	2,835,373	101,801	104,787,975
7/1/2023-6/30/2024	115,898	0	6.0%	49,138	1,609	250,000,000	4.82%	12,059,797	970,272	584,783	0	8,646,004	6,693,187	2.8%	2,946,766	1,224,036	106,012,012
7/1/2024-6/30/2025	17,040	0	6.0%	0	123	250,000,000	4.82%	12,059,797	970,272	584,783	0	8,695,049	6,920,755	2.9%	3,049,910	1,049,081	107,061,093
7/1/2025-6/30/2026	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	584,783	0	8,797,184	7,156,061	3.0%	3,155,854	817,462	107,878,554
7/1/2026-6/30/2027	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	584,783	0	8,911,598	7,399,367	3.0%	3,248,883	552,771	108,431,325
7/1/2027-6/30/2028	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	541,183	0	9,046,042	7,650,946	3.1%	3,319,012	193,276	108,624,602
7/1/2028-6/30/2029	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	9,176,909	7,911,078	3.2%	3,404,179	1,161,152	109,785,754
7/1/2029-6/30/2030	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	9,320,719	8,180,054	3.2%	3,485,054	829,240	110,614,994
7/1/2030-6/30/2031	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	9,475,926	8,458,176	3.3%	3,560,136	470,993	111,085,987
7/1/2031-6/30/2032	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	9,658,527	8,745,754	3.3%	3,624,575	65,253	111,151,240
7/1/2032-6/30/2033	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	9,854,394	9,043,110	3.4%	3,684,348	934,811	112,086,051
7/1/2033-6/30/2034	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	10,055,389	9,350,576	3.4%	3,755,878	497,880	112,583,932
7/1/2034-6/30/2035	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	10,265,176	9,668,495	3.4%	3,810,029	24,324	112,608,256
7/1/2035-6/30/2036	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	511,883	0	10,495,032	9,997,224	3.5%	3,843,808	802,526	113,410,782
7/1/2036-6/30/2037	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	296,116	0	10,735,268	10,337,130	3.5%	3,871,354	34,163	113,444,944
7/1/2037-6/30/2038	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	10,991,627	10,688,592	3.5%	3,900,867	(587,299)	112,857,645
7/1/2038-6/30/2039	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	11,259,759	11,052,004	3.5%	3,890,570	(1,229,141)	111,628,503
7/1/2039-6/30/2040	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	11,532,482	11,427,772	3.6%	3,863,929	(1,904,272)	109,724,231
7/1/2040-6/30/2041	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	11,787,168	11,816,317	3.6%	3,827,011	(2,584,421)	107,139,810
7/1/2041-6/30/2042	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	12,018,307	12,218,071	3.6%	3,725,101	(3,319,225)	103,820,585
7/1/2042-6/30/2043	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	12,220,532	12,633,486	3.6%	3,602,425	(4,059,540)	99,761,046
7/1/2043-6/30/2044	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	12,386,866	13,063,024	3.6%	3,450,788	(4,807,050)	94,953,995

Notes:

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

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

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

Cash Flow Analysis at 6.20% Default Rate - No New Loans Insured (Run-Off Scenario)  
As of June 30, 2014

Income for Annual Premium Loans

Year	Scheduled Amortized Balance (1)	Estimated Default Amount (2)	Percent 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)
7/1/2013-6/30/2014				26,115,000	206,072								174,289,633
7/1/2014-6/30/2015	22,407,328	52,630	8.0%	20,566,322	116,703	697,356	12,296,899	1,659,176	4,953,910	0.3%	454,415	(17,641,512)	156,648,121
7/1/2015-6/30/2016	19,351,242	10,993	8.0%	17,744,609	95,777	759,969	12,454,911	3,458,510	4,953,910	1.2%	1,741,508	(18,270,076)	138,378,045
7/1/2016-6/30/2017	16,545,629	0	6.0%	15,493,085	83,094	831,532	12,312,561	5,222,308	4,953,910	1.6%	1,992,383	(19,581,769)	118,796,276
7/1/2017-6/30/2018	13,584,883	0	6.0%	12,709,984	70,508	1,251,428	11,278,663	5,737,199	4,953,910	1.9%	2,038,472	(18,609,364)	100,186,911
7/1/2018-6/30/2019	10,453,304	0	6.0%	9,766,299	56,191	1,317,990	11,469,954	5,780,280	4,953,910	2.1%	1,892,494	(18,937,469)	81,249,442
7/1/2019-6/30/2020	7,411,861	0	6.0%	6,907,343	41,684	807,990	12,087,250	5,230,885	4,953,910	2.3%	1,639,959	(19,782,412)	61,467,030
7/1/2020-6/30/2021	4,707,812	0	6.0%	4,365,538	28,182	828,667	12,086,750	4,502,523	4,953,910	2.5%	1,273,538	(19,412,795)	42,054,235
7/1/2021-6/30/2022	2,340,488	0	6.0%	2,140,253	16,264	830,047	8,184,750	3,797,200	4,953,910	2.6%	889,627	(15,199,922)	26,854,313
7/1/2022-6/30/2023	695,837	0	6.0%	594,281	6,836	584,783	0	3,022,526	4,953,910	2.7%	635,627	(6,749,189)	20,105,124
7/1/2023-6/30/2024	115,898	0	6.0%	49,138	1,609	584,783	0	2,333,101	4,953,910	2.8%	475,071	(6,225,548)	13,879,576
7/1/2024-6/30/2025	17,040	0	6.0%	0	123	584,783	0	1,748,688	4,953,910	2.9%	314,272	(5,803,420)	8,076,156
7/1/2025-6/30/2026	0	0	6.0%	0	0	584,783	0	1,290,031	4,953,910	3.0%	156,362	(5,502,796)	2,573,360
7/1/2026-6/30/2027	0	0	6.0%	0	0	584,783	0	923,875	4,953,910	3.0%	(2,231)	(5,295,232)	(2,721,872)
7/1/2027-6/30/2028	0	0	6.0%	0	0	541,183	0	624,450	4,953,910	3.1%	(162,753)	(5,199,930)	(7,921,802)
7/1/2028-6/30/2029	0	0	6.0%	0	0	511,883	0	395,343	4,953,910	3.2%	(327,441)	(5,164,810)	(13,086,612)
7/1/2029-6/30/2030	0	0	6.0%	0	0	511,883	0	239,734	4,953,910	3.2%	(495,729)	(5,177,489)	(18,264,102)
7/1/2030-6/30/2031	0	0	6.0%	0	0	511,883	0	134,004	4,953,910	3.3%	(670,836)	(5,246,866)	(23,510,968)
7/1/2031-6/30/2032	0	0	6.0%	0	0	511,883	0	72,384	4,953,910	3.3%	(854,467)	(5,368,878)	(28,879,846)
7/1/2032-6/30/2033	0	0	6.0%	0	0	511,883	0	39,748	4,953,910	3.4%	(1,044,483)	(5,526,257)	(34,406,103)
7/1/2033-6/30/2034	0	0	6.0%	0	0	511,883	0	19,876	4,953,910	3.4%	(1,245,772)	(5,707,675)	(40,113,778)
7/1/2034-6/30/2035	0	0	6.0%	0	0	511,883	0	10,606	4,953,910	3.4%	(1,457,362)	(5,909,995)	(46,023,773)
7/1/2035-6/30/2036	0	0	6.0%	0	0	511,883	0	5,545	4,953,910	3.5%	(1,669,442)	(6,117,015)	(52,140,788)
7/1/2036-6/30/2037	0	0	6.0%	0	0	296,116	0	2,738	4,953,910	3.5%	(1,891,404)	(6,551,936)	(58,692,724)
7/1/2037-6/30/2038	0	0	6.0%	0	0	252,962	0	1,416	4,953,910	3.5%	(2,141,388)	(6,843,751)	(65,536,474)
7/1/2038-6/30/2039	0	0	6.0%	0	0	252,962	0	609	4,953,910	3.5%	(2,394,609)	(7,096,166)	(72,632,640)
7/1/2039-6/30/2040	0	0	6.0%	0	0	252,962	0	225	4,953,910	3.6%	(2,664,320)	(7,365,492)	(79,998,133)
7/1/2040-6/30/2041	0	0	6.0%	0	0	252,962	0	51	4,953,910	3.6%	(2,958,632)	(7,659,631)	(87,657,764)
7/1/2041-6/30/2042	0	0	6.0%	0	0	252,962	0	0	4,953,910	3.6%	(3,235,836)	(7,936,784)	(95,594,548)
7/1/2042-6/30/2043	0	0	6.0%	0	0	252,962	0	0	4,953,910	3.6%	(3,528,763)	(8,229,711)	(103,824,258)
7/1/2043-6/30/2044	0	0	6.0%	0	0	252,962	0	0	4,953,910	3.6%	(3,831,207)	(8,532,154)	(112,356,413)

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 June 30, 2014

Year	Income for Annual Premium Loans					Income from Up-Front Premium Loans				Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
7/1/2013-6/30/2014				26,115,000	206,072	259,475,000		10,161,841	670,960								174,289,633
7/1/2014-6/30/2015	22,407,328	52,630	8.0%	20,566,322	116,703	240,145,000	4.82%	11,584,400	932,024	697,356	12,296,899	2,170,108	4,953,910	0.3%	470,922	(5,619,511)	168,670,122
7/1/2015-6/30/2016	19,351,242	10,993	8.0%	17,744,609	95,777	200,000,000	4.82%	9,647,838	776,218	759,969	12,454,911	4,634,445	5,122,343	1.2%	1,938,195	(8,993,702)	159,676,420
7/1/2016-6/30/2017	16,545,629	0	6.0%	15,493,085	83,094	200,000,000	4.82%	9,647,838	776,218	831,532	12,312,561	7,333,481	5,296,503	1.6%	2,387,195	(11,216,667)	148,459,752
7/1/2017-6/30/2018	13,584,883	0	6.0%	12,709,984	70,508	200,000,000	4.82%	9,647,838	776,218	1,251,428	11,278,663	8,815,988	5,476,584	1.9%	2,660,031	(11,165,213)	137,294,540
7/1/2018-6/30/2019	10,453,304	0	6.0%	9,766,299	56,191	225,000,000	4.82%	10,853,818	873,245	1,317,990	11,469,954	9,943,904	5,662,788	2.1%	2,747,016	(11,228,385)	126,066,154
7/1/2019-6/30/2020	7,411,861	0	6.0%	6,907,343	41,684	225,000,000	4.82%	10,853,818	873,245	807,990	12,087,250	10,435,315	5,855,322	2.3%	2,747,256	(13,053,895)	113,012,260
7/1/2020-6/30/2021	4,707,812	0	6.0%	4,365,538	28,182	225,000,000	4.82%	10,853,818	873,245	828,667	12,086,750	10,696,504	6,054,403	2.5%	2,612,783	(13,640,963)	99,371,297
7/1/2021-6/30/2022	2,340,488	0	6.0%	2,140,253	16,264	225,000,000	4.82%	10,853,818	873,245	830,047	8,184,750	11,000,747	6,260,253	2.6%	2,431,017	(10,441,359)	88,929,938
7/1/2022-6/30/2023	695,837	0	6.0%	594,281	6,836	225,000,000	4.82%	10,853,818	873,245	584,783	0	11,069,875	6,473,102	2.7%	2,368,802	(2,855,493)	86,074,445
7/1/2023-6/30/2024	115,898	0	6.0%	49,138	1,609	250,000,000	4.82%	12,059,797	970,272	584,783	0	11,156,135	6,693,187	2.8%	2,380,571	(1,852,290)	84,222,155
7/1/2024-6/30/2025	17,040	0	6.0%	0	123	250,000,000	4.82%	12,059,797	970,272	584,783	0	11,219,417	6,920,755	2.9%	2,380,396	(2,144,801)	82,077,355
7/1/2025-6/30/2026	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	584,783	0	11,351,205	7,156,061	3.0%	2,373,215	(2,519,198)	79,558,156
7/1/2026-6/30/2027	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	584,783	0	11,498,836	7,399,367	3.0%	2,345,738	(2,937,612)	76,620,544
7/1/2027-6/30/2028	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	541,183	0	11,672,313	7,650,946	3.1%	2,290,283	(3,461,723)	73,158,822
7/1/2028-6/30/2029	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	11,841,173	7,911,078	3.2%	2,238,941	(2,668,350)	70,490,472
7/1/2029-6/30/2030	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	12,026,734	8,180,054	3.2%	2,178,911	(3,182,918)	67,307,553
7/1/2030-6/30/2031	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	12,227,001	8,458,176	3.3%	2,101,652	(3,738,566)	63,568,988
7/1/2031-6/30/2032	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	12,462,616	8,745,754	3.3%	2,002,430	(4,360,981)	59,208,007
7/1/2032-6/30/2033	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	12,715,347	9,043,110	3.4%	1,893,005	(3,717,485)	55,490,522
7/1/2033-6/30/2034	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	12,974,695	9,350,576	3.4%	1,781,824	(4,395,480)	51,095,041
7/1/2034-6/30/2035	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	13,245,388	9,668,495	3.4%	1,642,268	(5,123,649)	45,971,392
7/1/2035-6/30/2036	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	511,883	0	13,541,977	9,997,224	3.5%	1,485,352	(4,602,875)	41,368,517
7/1/2036-6/30/2037	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	296,116	0	13,851,958	10,337,130	3.5%	1,315,713	(5,638,169)	35,730,348
7/1/2037-6/30/2038	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	14,182,745	10,688,592	3.5%	1,118,709	(6,560,575)	29,169,773
7/1/2038-6/30/2039	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	14,528,722	11,052,004	3.5%	880,967	(7,507,707)	21,662,066
7/1/2039-6/30/2040	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	14,880,622	11,427,772	3.6%	607,739	(8,508,602)	13,153,465
7/1/2040-6/30/2041	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	15,209,250	11,816,317	3.6%	295,929	(9,537,584)	3,615,881
7/1/2041-6/30/2042	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	15,507,493	12,218,071	3.6%	(59,350)	(10,592,861)	(6,976,980)
7/1/2042-6/30/2043	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	15,768,428	12,633,486	3.6%	(453,301)	(11,663,162)	(18,640,143)
7/1/2043-6/30/2044	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	15,983,054	13,063,024	3.6%	(886,481)	(12,740,506)	(31,380,648)

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.2% 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 June 30, 2014

Year	Income for Annual Premium Loans					Income from Up-Front Premium Loans				Cash Inflow from Resolved Loans (10)	Payment on Current Default (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)	Percent Terminated & Refinance (3)	Balance Net of Default and Termination (4)	Premium Income (5)	Issued Amount (6)	Estimated Premium as Percent of Insured Amount (7)	Certification and Inspection Fee Income (9)									
7/1/2013-6/30/2014				26,115,000	206,072	259,475,000		10,161,841	670,960								174,289,633
7/1/2014-6/30/2015	22,407,328	52,630	8.0%	20,566,322	116,703	240,145,000	4.82%	11,584,400	932,024	697,356	12,296,899	2,712,635	4,953,910	0.3%	470,176	(6,162,784)	168,126,849
7/1/2015-6/30/2016	19,351,242	10,993	8.0%	17,744,609	95,777	200,000,000	4.82%	9,647,838	776,218	759,969	12,454,911	5,793,057	5,122,343	1.2%	1,924,863	(10,165,645)	157,961,204
7/1/2016-6/30/2017	16,545,629	0	6.0%	15,493,085	83,094	200,000,000	4.82%	9,647,838	776,218	831,532	12,312,561	9,166,851	5,296,503	1.6%	2,346,097	(13,091,136)	144,870,068
7/1/2017-6/30/2018	13,584,883	0	6.0%	12,709,984	70,508	200,000,000	4.82%	9,647,838	776,218	1,251,428	11,278,663	11,019,985	5,476,584	1.9%	2,571,862	(13,457,378)	131,412,690
7/1/2018-6/30/2019	10,453,304	0	6.0%	9,766,299	56,191	225,000,000	4.82%	10,853,818	873,245	1,317,990	11,469,954	12,429,880	5,662,788	2.1%	2,596,817	(13,864,561)	117,548,129
7/1/2019-6/30/2020	7,411,861	0	6.0%	6,907,343	41,684	225,000,000	4.82%	10,853,818	873,245	807,990	12,087,250	13,044,144	5,855,322	2.3%	2,518,892	(15,891,087)	101,657,041
7/1/2020-6/30/2021	4,707,812	0	6.0%	4,365,538	28,182	225,000,000	4.82%	10,853,818	873,245	828,667	12,086,750	13,370,630	6,054,403	2.5%	2,296,608	(16,631,265)	85,025,777
7/1/2021-6/30/2022	2,340,488	0	6.0%	2,140,253	16,264	225,000,000	4.82%	10,853,818	873,245	830,047	8,184,750	13,750,934	6,260,253	2.6%	2,019,794	(13,602,770)	71,423,007
7/1/2022-6/30/2023	695,837	0	6.0%	594,281	6,836	225,000,000	4.82%	10,853,818	873,245	584,783	0	13,837,343	6,473,102	2.7%	1,850,389	(6,141,374)	65,281,633
7/1/2023-6/30/2024	115,898	0	6.0%	49,138	1,609	250,000,000	4.82%	12,059,797	970,272	584,783	0	13,945,168	6,693,187	2.8%	1,751,465	(5,270,429)	60,011,204
7/1/2024-6/30/2025	17,040	0	6.0%	0	123	250,000,000	4.82%	12,059,797	970,272	584,783	0	14,024,272	6,920,755	2.9%	1,636,493	(5,693,559)	54,317,645
7/1/2025-6/30/2026	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	584,783	0	14,189,006	7,156,061	3.0%	1,503,617	(6,226,598)	48,091,048
7/1/2026-6/30/2027	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	584,783	0	14,373,544	7,399,367	3.0%	1,342,244	(6,815,815)	41,275,232
7/1/2027-6/30/2028	0	0	6.0%	0	0	250,000,000	4.82%	12,059,797	970,272	541,183	0	14,590,391	7,650,946	3.1%	1,147,251	(7,522,833)	33,752,399
7/1/2028-6/30/2029	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	14,801,466	7,911,078	3.2%	944,232	(6,923,352)	26,829,047
7/1/2029-6/30/2030	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	15,033,418	8,180,054	3.2%	727,641	(7,640,872)	19,188,175
7/1/2030-6/30/2031	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	15,283,751	8,458,176	3.3%	481,114	(8,415,854)	10,772,321
7/1/2031-6/30/2032	0	0	6.0%	0	0	275,000,000	4.82%	13,265,777	1,067,299	511,883	0	15,578,270	8,745,754	3.3%	200,046	(9,279,018)	1,493,303
7/1/2032-6/30/2033	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	15,894,184	9,043,110	3.4%	(97,376)	(8,886,704)	(7,393,401)
7/1/2033-6/30/2034	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	16,218,369	9,350,576	3.4%	(411,569)	(9,832,547)	(17,225,948)
7/1/2034-6/30/2035	0	0	6.0%	0	0	300,000,000	4.82%	14,471,757	1,164,327	511,883	0	16,556,736	9,668,495	3.4%	(766,355)	(10,843,620)	(28,069,567)
7/1/2035-6/30/2036	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	511,883	0	16,927,471	9,997,224	3.5%	(1,135,155)	(10,608,876)	(38,678,444)
7/1/2036-6/30/2037	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	296,116	0	17,314,948	10,337,130	3.5%	(1,523,888)	(11,940,760)	(50,619,203)
7/1/2037-6/30/2038	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	17,728,431	10,688,592	3.5%	(1,972,578)	(13,197,548)	(63,816,751)
7/1/2038-6/30/2039	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	18,160,902	11,052,004	3.5%	(2,463,037)	(14,483,890)	(78,300,641)
7/1/2039-6/30/2040	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	18,600,777	11,427,772	3.6%	(3,010,250)	(15,846,746)	(94,147,387)
7/1/2040-6/30/2041	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	19,011,562	11,816,317	3.6%	(3,627,494)	(17,263,320)	(111,410,707)
7/1/2041-6/30/2042	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	19,384,366	12,218,071	3.6%	(4,264,295)	(18,674,679)	(130,085,386)
7/1/2042-6/30/2043	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	19,710,535	12,633,486	3.6%	(4,959,663)	(20,111,632)	(150,197,018)
7/1/2043-6/30/2044	0	0	6.0%	0	0	325,000,000	4.82%	15,677,736	1,261,354	252,962	0	19,978,817	13,063,024	3.6%	(5,705,668)	(21,555,456)	(171,752,474)

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.2% 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 June 30, 2014**

	Based on Industry Loss Experience	Cal-Mortgage	
		Including Triad	Excluding Triad
(1) Selected Hospitals Default Rate	1.22%		
(2) Cal-Mortgage's Hospitals In-Force Original Loan Amount	993,399,359		
(3) Selected Nursing Homes Default Rate	11.50%		
(4) Cal-Mortgage's Nursing Homes In-Force Original Loan Amount	930,540,000		
(5) Combined Cal-Mortgage's Hospitals and Nursing Homes Default Rate	6.19%	5.05%	2.32%
(6) 2012 Selected Default Rate	6.25%		
(7) New Selected Default Rate	6.20%		
(8) Original Loan Amount Default as of 6/30/2014 - Expected vs. Actual	244,424,031	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 6/30/12
- (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 June 30, 2014

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	1.91%	1.91%	1.91%	1.91%
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%	3.36%	3.36%	3.36%
1997	22,036,300	0.92%	0.92%	0.92%	0.92%
1998	33,623,500	0.76%	0.76%	0.76%	0.76%
1999	21,678,800	0.44%	0.44%	0.44%	0.44%
2000	14,147,100	0.10%	0.10%	0.11%	0.11%
2001	20,232,300	0.02%	0.03%	0.06%	0.04%
2002	21,982,400	0.43%	0.45%	0.49%	0.47%
2003	25,228,700	2.29%	2.49%	2.39%	2.44%
2004	25,692,900	0.13%	0.14%	0.27%	0.21%
2005	34,117,000	0.42%	0.51%	0.63%	0.57%
2006	32,708,000	0.17%	0.23%	0.45%	0.34%
2007	41,009,900	2.90%	4.33%	3.30%	3.82%
2008	58,165,000	0.18%	0.32%	0.71%	0.52%
2009	43,821,200			0.67%	0.67%
2010	28,223,400	0.08%	0.24%	0.90%	0.90%
2011	22,644,500	0.02%	0.13%	1.04%	1.04%
2012	27,142,100	0.05%	0.99%	1.21%	1.22%
2013	18,662,200			1.21%	1.22%

Weighted Average All Years	1.21%
Weighted Average 1981-2004	1.25%
Weighted Average 1990-2008	1.27%
Arithmetic Average All Years	1.26%
Arithmetic Average 1981-2004	1.31%
Arithmetic Average 1990-2008	1.27%
Prior Selection	1.25%

(6) Selected Default Rate 1.22%

Notes:

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

Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Hospitals  
Loss Development Method  
As of June 30, 2014

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	396	4,606,300	90,265	1.000	90,265	1.96%
1982	384	8,153,200	155,640	1.000	155,640	1.91%
1983	372	8,817,100	27,695	1.000	27,695	0.31%
1984	360	7,589,500	22,080	1.000	22,080	0.29%
1985	348	23,821,200	256,375	1.000	256,375	1.08%
1986	336	7,184,300	283,110	1.000	283,110	3.94%
1987	324	11,121,100	213,773	1.000	213,773	1.92%
1988	312	10,757,500	52,767	1.000	52,767	0.49%
1989	300	13,397,300	87,235	1.000	87,235	0.65%
1990	288	12,003,000	98,575	1.000	98,575	0.82%
1991	276	15,968,000	449,495	1.000	449,495	2.81%
1992	264	20,414,100	575,694	1.000	575,694	2.82%
1993	252	29,001,500	567,375	1.000	567,375	1.96%
1994	240	13,536,700	154,750	1.000	154,750	1.14%
1995	228	11,442,100	58,135	1.000	58,135	0.51%
1996	216	16,356,200	549,580	1.000	549,580	3.36%
1997	204	22,036,300	203,385	1.000	203,385	0.92%
1998	192	33,623,500	255,360	1.000	255,360	0.76%
1999	180	21,678,800	94,875	1.005	95,349	0.44%
2000	168	14,147,100	13,950	1.010	14,090	0.10%
2001	156	20,232,300	5,035	1.028	5,177	0.03%
2002	144	21,982,400	94,145	1.054	99,220	0.45%
2003	132	25,228,700	578,225	1.086	627,679	2.49%
2004	120	25,692,900	32,680	1.134	37,071	0.14%
2005	108	34,117,000	143,075	1.214	173,662	0.51%
2006	96	32,708,000	56,915	1.299	73,918	0.23%
2007	84	41,009,900	1,188,818	1.494	1,775,571	4.33%
2008	72	58,165,000	106,500	1.762	187,696	0.32%
2009	60	43,821,200	0	2.203		
2010	48	28,223,400	21,735	3.084	67,035	0.24%
2011	36	22,644,500	4,860	6.168	29,978	0.13%
2012	24	27,142,100	14,504	18.505	268,400	0.99%
2013	12	18,662,200	0	92.526		
Weighted Average 1981-2010						1.22%
Weighted Average 1990-2004						1.25%
Weighted Average 1990-2010						1.22%
Arithmetic Average 1981-2010						1.27%
Arithmetic Average 1990-2004						1.25%
Arithmetic Average 1990-2010						1.22%
Prior Selected						1.25%
(6) Selected A Priori Default Rate						1.22%

Notes:

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

**Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Hospitals  
Bornhuetter-Ferguson Method  
As of June 30, 2014**

Issue Year	Exposure Base	A Priori Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1981	4,606,300	1.22%	56,197	0.0%	0	56,197	90,265	90,265	1.96%
1982	8,153,200	1.22%	99,469	0.0%	0	99,469	155,640	155,640	1.91%
1983	8,817,100	1.22%	107,569	0.0%	0	107,569	27,695	27,695	0.31%
1984	7,589,500	1.22%	92,592	0.0%	0	92,592	22,080	22,080	0.29%
1985	23,821,200	1.22%	290,619	0.0%	0	290,619	256,375	256,375	1.08%
1986	7,184,300	1.22%	87,648	0.0%	0	87,648	283,110	283,110	3.94%
1987	11,121,100	1.22%	135,677	0.0%	0	135,677	213,773	213,773	1.92%
1988	10,757,500	1.22%	131,242	0.0%	0	131,242	52,767	52,767	0.49%
1989	13,397,300	1.22%	163,447	0.0%	0	163,447	87,235	87,235	0.65%
1990	12,003,000	1.22%	146,437	0.0%	0	146,437	98,575	98,575	0.82%
1991	15,968,000	1.22%	194,810	0.0%	0	194,810	449,495	449,495	2.81%
1992	20,414,100	1.22%	249,052	0.0%	0	249,052	575,694	575,694	2.82%
1993	29,001,500	1.22%	353,818	0.0%	0	353,818	567,375	567,375	1.96%
1994	13,536,700	1.22%	165,148	0.0%	0	165,148	154,750	154,750	1.14%
1995	11,442,100	1.22%	139,594	0.0%	0	139,594	58,135	58,135	0.51%
1996	16,356,200	1.22%	199,546	0.0%	0	199,546	549,580	549,580	3.36%
1997	22,036,300	1.22%	268,843	0.0%	0	268,843	203,385	203,385	0.92%
1998	33,623,500	1.22%	410,207	0.0%	0	410,207	255,360	255,360	0.76%
1999	21,678,800	1.22%	264,481	0.5%	1,316	263,166	94,875	96,191	0.44%
2000	14,147,100	1.22%	172,595	1.0%	1,713	170,882	13,950	15,663	0.11%
2001	20,232,300	1.22%	246,834	2.7%	6,771	240,063	5,035	11,806	0.06%
2002	21,982,400	1.22%	268,185	5.1%	13,718	254,467	94,145	107,863	0.49%
2003	25,228,700	1.22%	307,790	7.9%	24,251	283,540	578,225	602,476	2.39%
2004	25,692,900	1.22%	313,453	11.8%	37,131	276,322	32,680	69,811	0.27%
2005	34,117,000	1.22%	416,227	17.6%	73,310	342,917	143,075	216,385	0.63%
2006	32,708,000	1.22%	399,038	23.0%	91,790	307,248	56,915	148,705	0.45%
2007	41,009,900	1.22%	500,321	33.0%	165,335	334,985	1,188,818	1,354,153	3.30%
2008	58,165,000	1.22%	709,613	43.3%	306,973	402,640	106,500	413,473	0.71%
2009	43,821,200	1.22%	534,619	54.6%	291,941	242,677	0	291,941	0.67%
2010	28,223,400	1.22%	344,325	67.6%	232,684	111,642	21,735	254,419	0.90%
2011	22,644,500	1.22%	276,263	83.8%	231,476	44,787	4,860	236,336	1.04%
2012	27,142,100	1.22%	331,134	94.6%	313,240	17,894	14,504	327,744	1.21%
2013	18,662,200	1.22%	227,679	98.9%	225,218	2,461	0	225,218	1.21%
<b>Total</b>	<b>705,284,400</b>		<b>8,604,470</b>		<b>2,016,867</b>	<b>6,587,603</b>	<b>6,456,606</b>	<b>8,473,473</b>	<b>1.20%</b>

Notes:

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

**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program  
 Industry Countrywide Loss Experience - Nursing Homes  
 Selection of Ultimate Default Rate  
 As of June 30, 2014**

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	9.04%	9.04%	9.04%	9.04%
1994	2,427,400	11.48%	11.48%	11.48%	11.48%
1995	1,986,300	14.60%	14.60%	14.60%	14.60%
1996	3,040,500	10.33%	10.33%	10.33%	10.33%
1997	3,523,600	8.96%	8.96%	8.96%	8.96%
1998	5,077,800	9.61%	9.61%	9.61%	9.61%
1999	4,981,900	7.53%	7.57%	7.59%	7.58%
2000	2,876,400	5.58%	5.64%	5.69%	5.66%
2001	2,919,300	6.06%	6.23%	6.36%	6.30%
2002	3,787,200	3.30%	3.47%	3.86%	3.67%
2003	3,228,400	3.27%	3.55%	4.14%	3.84%
2004	3,222,300	8.32%	9.44%	9.62%	9.53%
2005	4,276,300	1.30%	1.58%	3.24%	3.24%
2006	6,010,800	1.29%	1.67%	3.82%	3.82%
2007	7,837,300	2.79%	4.16%	6.42%	6.42%
2008	2,498,700	5.74%	10.12%	10.50%	10.50%
2009	1,953,000	8.53%	18.79%	14.54%	14.54%
2010	2,732,000	3.90%	12.02%	11.33%	11.33%
2011	1,217,200	4.05%	25.01%	13.27%	13.27%
2012	3,680,200	0.95%	17.55%	11.35%	11.00%
2013	2,804,900	0.64%	59.38%	11.52%	11.00%

Weighted Average All Years	9.41%
Weighted Average 1981-2008	9.00%
Weighted Average 1990-2012	7.74%
Arithmetic Average All Years	13.72%
Arithmetic Average 1981-2004	15.32%
Arithmetic Average 1990-2008	7.50%
Prior Selection	11.50%

(6) Selected Default Rate 11.50%

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

Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Nursing Homes  
Loss Development Method  
As of June 30, 2014

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	396	392,300	145,510	1.000	145,510	37.09%
1982	384	838,700	336,905	1.000	336,905	40.17%
1983	372	795,000	431,865	1.000	431,865	54.32%
1984	360	739,700	296,730	1.000	296,730	40.11%
1985	348	1,160,300	304,695	1.000	304,695	26.26%
1986	336	772,800	188,525	1.000	188,525	24.40%
1987	324	914,300	122,905	1.000	122,905	13.44%
1988	312	1,451,700	124,475	1.000	124,475	8.57%
1989	300	1,561,600	74,310	1.000	74,310	4.76%
1990	288	1,678,600	177,945	1.000	177,945	10.60%
1991	276	1,538,500	34,275	1.000	34,275	2.23%
1992	264	2,429,300	121,900	1.000	121,900	5.02%
1993	252	2,515,600	227,486	1.000	227,486	9.04%
1994	240	2,427,400	278,695	1.000	278,695	11.48%
1995	228	1,986,300	290,080	1.000	290,080	14.60%
1996	216	3,040,500	314,154	1.000	314,154	10.33%
1997	204	3,523,600	315,725	1.000	315,725	8.96%
1998	192	5,077,800	487,886	1.000	487,886	9.61%
1999	180	4,981,900	375,335	1.005	377,212	7.57%
2000	168	2,876,400	160,530	1.010	162,139	5.64%
2001	156	2,919,300	176,945	1.028	181,936	6.23%
2002	144	3,787,200	124,800	1.054	131,528	3.47%
2003	132	3,228,400	105,570	1.086	114,599	3.55%
2004	120	3,222,300	268,095	1.134	304,121	9.44%
2005	108	4,276,300	55,640	1.214	67,535	1.58%
2006	96	6,010,800	77,450	1.299	100,588	1.67%
2007	84	7,837,300	218,408	1.494	326,205	4.16%
2008	72	2,498,700	143,409	1.762	252,744	10.12%
2009	60	1,953,000	166,610	2.203	367,042	18.79%
2010	48	2,732,000	106,490	3.084	328,437	12.02%
2011	36	1,217,200	49,345	6.168	304,380	25.01%
2012	24	3,680,200	34,900	18.505	645,832	17.55%
2013	12	2,804,900	18,000	92.526	1,665,469	59.38%

Weighted Average 1981-2010	8.83%
Weighted Average 1990-2004	7.78%
Weighted Average 1990-2010	7.03%
Arithmetic Average 1981-2010	13.84%
Arithmetic Average 1990-2004	7.85%
Arithmetic Average 1990-2010	7.91%
Prior Selected	11.00%
(6) Selected A Priori Default Rate	11.00%

Notes:

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

Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Nursing Homes  
Bornhuetter-Ferguson Method  
As of June 30, 2014

Issue Year	Exposure Base	A Priori Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
(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	227,486	227,486	9.04%
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	290,080	290,080	14.60%
1996	3,040,500	11.00%	334,455	0.0%	0	334,455	314,154	314,154	10.33%
1997	3,523,600	11.00%	387,596	0.0%	0	387,596	315,725	315,725	8.96%
1998	5,077,800	11.00%	558,558	0.0%	0	558,558	487,886	487,886	9.61%
1999	4,981,900	11.00%	548,009	0.5%	2,726	545,283	375,335	378,061	7.59%
2000	2,876,400	11.00%	316,404	1.0%	3,140	313,264	160,530	163,670	5.69%
2001	2,919,300	11.00%	321,123	2.7%	8,809	312,314	176,945	185,754	6.36%
2002	3,787,200	11.00%	416,592	5.1%	21,310	395,282	124,800	146,110	3.86%
2003	3,228,400	11.00%	355,124	7.9%	27,980	327,144	105,570	133,550	4.14%
2004	3,222,300	11.00%	354,453	11.8%	41,988	312,465	268,095	310,083	9.62%
2005	4,276,300	11.00%	470,393	17.6%	82,850	387,543	55,640	138,490	3.24%
2006	6,010,800	11.00%	661,188	23.0%	152,091	509,097	77,450	229,541	3.82%
2007	7,837,300	11.00%	862,103	33.0%	284,890	577,213	218,408	503,298	6.42%
2008	2,498,700	11.00%	274,857	43.3%	118,901	155,956	143,409	262,310	10.50%
2009	1,953,000	11.00%	214,830	54.6%	117,313	97,517	166,610	283,923	14.54%
2010	2,732,000	11.00%	300,520	67.6%	203,081	97,439	106,490	309,571	11.33%
2011	1,217,200	11.00%	133,892	83.8%	112,186	21,706	49,345	161,531	13.27%
2012	3,680,200	11.00%	404,822	94.6%	382,946	21,876	34,900	417,846	11.35%
2013	2,804,900	11.00%	308,539	98.9%	305,204	3,335	18,000	323,204	11.52%
<b>Total</b>	<b>86,869,900</b>		<b>9,555,689</b>		<b>1,865,416</b>	<b>7,690,273</b>	<b>6,355,593</b>	<b>8,221,009</b>	<b>9.46%</b>

Notes:

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



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

**Estimate of Cal-Mortgage's Loss Severity  
As of June 30, 2014**

Facility Type	Income Securities	Actual Cal-Mortgage Experience	Prior Selected	Selected
	Advisors Data	(Including Triad)		
	(1)	(2)	(3)	(4)
Hospitals	67.0%	N/A	N/A	N/A
Nursing Home	62.5%	N/A	N/A	N/A
<b>Total</b>	<b>64.7%</b>	<b>66.1%</b>	<b>62.0%</b>	<b>64.0%</b>

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

**Estimate of Cal-Mortgage's Cumulative Loss Payment Pattern  
 As of June 30, 2014**

Years From Default	Income Securities Advisors Data	Previous Selection	Selected
0	18.4%	30.0%	22.0%
1	40.5%	60.0%	45.0%
2	67.5%	73.0%	70.0%
3	80.9%	85.0%	82.0%
4	91.3%	92.0%	92.0%
5	95.4%	96.0%	95.0%
6	97.3%	98.0%	97.0%
7	98.8%	99.0%	99.0%
8	99.3%	99.5%	99.3%
9	99.5%	100.0%	99.5%
10	99.7%	100.0%	99.7%
11	99.9%	100.0%	99.9%
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 June 30, 2014**

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%
2013	1,726,980,115	391,406,790	22.7%	142,846,790	8.3%
2014	1,671,379,249	339,040,000	20.3%	233,550,000	14.0%
<b>Combined</b>	<b>19,077,271,434</b>	<b>1,712,526,151</b>	<b>9.0%</b>	<b>1,075,343,605</b>	<b>6.0%</b>

**Estimated Termination Rate**

Fiscal Year	Termination Rate	Termination Rate
7/1/2014-6/30/2015 & 7/1/2015-6/30/2016	8.0%	6.0%
7/1/2016-6/30/2017 and subsequent	6.0%	5.0%

**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		1.857
Effective Premium Rate as a Percent of the Principal		4.82%

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

Estimated Amount of Loan Default by Fiscal Year at 6.20% Default Rate - New Loans Insured  
As of June 30, 2014

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	6.20%	17,674,340	300	100%	7/1/2014-6/30/2015	11,944,840
7/1/1990-6/30/1991	502,627,148	6.20%	31,162,883	288	100%	7/1/2015-6/30/2016	13,021,412
7/1/1991-6/30/1992	340,350,000	6.20%	21,101,700	276	100%	7/1/2016-6/30/2017	13,178,419
7/1/1992-6/30/1993	425,234,203	6.20%	26,364,521	264	100%	7/1/2017-6/30/2018	13,435,639
7/1/1993-6/30/1994	269,577,356	6.20%	16,713,796	252	100%	7/1/2018-6/30/2019	13,179,960
7/1/1994-6/30/1995	86,855,000	6.20%	5,385,010	240	100%	7/1/2019-6/30/2020	13,655,986
7/1/1995-6/30/1996	122,845,000	6.20%	7,616,390	228	100%	7/1/2020-6/30/2021	13,442,152
7/1/1996-6/30/1997	96,845,000	6.20%	6,004,390	216	100%	7/1/2021-6/30/2022	13,616,770
7/1/1997-6/30/1998	288,615,000	6.20%	17,894,130	204	100%	7/1/2022-6/30/2023	13,604,167
7/1/1998-6/30/1999	30,100,000	6.20%	1,866,200	192	100%	7/1/2023-6/30/2024	13,667,910
7/1/1999-6/30/2000	135,160,000	6.20%	8,379,920	180	100%	7/1/2024-6/30/2025	13,780,297
7/1/2000-6/30/2001	153,995,000	6.20%	9,547,690	168	99%	7/1/2025-6/30/2026	14,129,079
7/1/2001-6/30/2002	183,335,000	6.20%	11,366,770	156	97%	7/1/2026-6/30/2027	14,308,279
7/1/2002-6/30/2003	157,890,000	6.20%	9,789,180	144	95%	7/1/2027-6/30/2028	14,581,635
7/1/2003-6/30/2004	198,201,000	6.20%	12,288,462	132	92%	7/1/2028-6/30/2029	14,754,778
7/1/2004-6/30/2005	47,200,000	6.20%	2,926,400	120	88%	7/1/2029-6/30/2030	15,004,645
7/1/2005-6/30/2006	68,565,000	6.20%	4,251,030	108	82%	7/1/2030-6/30/2031	15,352,219
7/1/2006-6/30/2007	26,224,359	6.20%	1,625,910	96	77%	7/1/2031-6/30/2032	15,714,176
7/1/2007-6/30/2008	332,810,000	6.20%	20,634,220	84	67%	7/1/2032-6/30/2033	16,029,015
7/1/2008-6/30/2009	354,360,000	6.20%	21,970,320	72	57%	7/1/2033-6/30/2034	16,341,119
7/1/2009-6/30/2010	135,035,000	6.20%	8,372,170	60	45%	7/1/2034-6/30/2035	16,709,783
7/1/2010-6/30/2011	190,190,000	6.20%	11,791,780	48	32%	7/1/2035-6/30/2036	17,170,251
7/1/2011-6/30/2012	55,860,000	6.20%	3,463,320	36	16%	7/1/2036-6/30/2037	17,548,961
7/1/2012-6/30/2013	361,555,000	6.20%	22,416,410	24	5%	7/1/2037-6/30/2038	17,989,440
7/1/2013-6/30/2014	259,475,000	6.20%	16,087,450	12	1%	7/1/2038-6/30/2039	18,468,227
7/1/2014-6/30/2015	240,145,000	6.20%	14,888,990	0	0%	7/1/2039-6/30/2040	18,867,756
7/1/2015-6/30/2016	200,000,000	6.20%	12,400,000	0	0%	7/1/2040-6/30/2041	19,163,962
7/1/2016-6/30/2017	200,000,000	6.20%	12,400,000	0	0%	7/1/2041-6/30/2042	19,438,794
7/1/2017-6/30/2018	200,000,000	6.20%	12,400,000	0	0%	7/1/2042-6/30/2043	19,663,622
7/1/2018-6/30/2019	225,000,000	6.20%	13,950,000	0	0%	7/1/2043-6/30/2044	19,797,712
7/1/2019-6/30/2020	225,000,000	6.20%	13,950,000	0	0%		
7/1/2020-6/30/2021	225,000,000	6.20%	13,950,000	0	0%		
7/1/2021-6/30/2022	225,000,000	6.20%	13,950,000	0	0%		
7/1/2022-6/30/2023	225,000,000	6.20%	13,950,000	0	0%		
7/1/2023-6/30/2024	250,000,000	6.20%	15,500,000	0	0%		
7/1/2024-6/30/2025	250,000,000	6.20%	15,500,000	0	0%		
7/1/2025-6/30/2026	250,000,000	6.20%	15,500,000	0	0%		
7/1/2026-6/30/2027	250,000,000	6.20%	15,500,000	0	0%		
7/1/2027-6/30/2028	250,000,000	6.20%	15,500,000	0	0%		
7/1/2028-6/30/2029	275,000,000	6.20%	17,050,000	0	0%		
7/1/2029-6/30/2030	275,000,000	6.20%	17,050,000	0	0%		
7/1/2030-6/30/2031	275,000,000	6.20%	17,050,000	0	0%		
7/1/2031-6/30/2032	275,000,000	6.20%	17,050,000	0	0%		
7/1/2032-6/30/2033	300,000,000	6.20%	18,600,000	0	0%		
7/1/2033-6/30/2034	300,000,000	6.20%	18,600,000	0	0%		
7/1/2034-6/30/2035	300,000,000	6.20%	18,600,000	0	0%		
7/1/2035-6/30/2036	325,000,000	6.20%	20,150,000	0	0%		
7/1/2036-6/30/2037	325,000,000	6.20%	20,150,000	0	0%		
7/1/2037-6/30/2038	325,000,000	6.20%	20,150,000	0	0%		
7/1/2038-6/30/2039	325,000,000	6.20%	20,150,000	0	0%		
7/1/2039-6/30/2040	325,000,000	6.20%	20,150,000	0	0%		
7/1/2040-6/30/2041	325,000,000	6.20%	20,150,000	0	0%		
7/1/2041-6/30/2042	325,000,000	6.20%	20,150,000	0	0%		
7/1/2042-6/30/2043	325,000,000	6.20%	20,150,000	0	0%		
7/1/2043-6/30/2044	325,000,000	6.20%	20,150,000	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 6.20% Default Rate  
As of June 30, 2014**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2014-6/30/2015	11,944,840	64.0%	7,644,697	1,681,833
7/1/2015-6/30/2016	13,021,412	64.0%	8,333,704	3,591,695
7/1/2016-6/30/2017	13,178,419	64.0%	8,434,188	5,683,448
7/1/2017-6/30/2018	13,435,639	64.0%	8,598,809	6,832,391
7/1/2018-6/30/2019	13,179,960	64.0%	8,435,175	7,706,526
7/1/2019-6/30/2020	13,655,986	64.0%	8,739,831	8,087,369
7/1/2020-6/30/2021	13,442,152	64.0%	8,602,978	8,289,791
7/1/2021-6/30/2022	13,616,770	64.0%	8,714,733	8,525,579
7/1/2022-6/30/2023	13,604,167	64.0%	8,706,667	8,579,153
7/1/2023-6/30/2024	13,667,910	64.0%	8,747,462	8,646,004
7/1/2024-6/30/2025	13,780,297	64.0%	8,819,390	8,695,049
7/1/2025-6/30/2026	14,129,079	64.0%	9,042,610	8,797,184
7/1/2026-6/30/2027	14,308,279	64.0%	9,157,299	8,911,598
7/1/2027-6/30/2028	14,581,635	64.0%	9,332,246	9,046,042
7/1/2028-6/30/2029	14,754,778	64.0%	9,443,058	9,176,909
7/1/2029-6/30/2030	15,004,645	64.0%	9,602,973	9,320,719
7/1/2030-6/30/2031	15,352,219	64.0%	9,825,420	9,475,926
7/1/2031-6/30/2032	15,714,176	64.0%	10,057,073	9,658,527
7/1/2032-6/30/2033	16,029,015	64.0%	10,258,570	9,854,394
7/1/2033-6/30/2034	16,341,119	64.0%	10,458,316	10,055,389
7/1/2034-6/30/2035	16,709,783	64.0%	10,694,261	10,265,176
7/1/2035-6/30/2036	17,170,251	64.0%	10,988,961	10,495,032
7/1/2036-6/30/2037	17,548,961	64.0%	11,231,335	10,735,268
7/1/2037-6/30/2038	17,989,440	64.0%	11,513,242	10,991,627
7/1/2038-6/30/2039	18,468,227	64.0%	11,819,665	11,259,759
7/1/2039-6/30/2040	18,867,756	64.0%	12,075,364	11,532,482
7/1/2040-6/30/2041	19,163,962	64.0%	12,264,936	11,787,168
7/1/2041-6/30/2042	19,438,794	64.0%	12,440,828	12,018,307
7/1/2042-6/30/2043	19,663,622	64.0%	12,584,718	12,220,532
7/1/2043-6/30/2044	19,797,712	64.0%	12,670,536	12,386,866

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

Estimated Amount of Loan Default by Fiscal Year at 6.20% Default Rate - No New Loans Insured  
As of June 30, 2014

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1987-6/30/1988	164,845,000	6.20%	10,220,390	324	100%	7/1/2014-6/30/2015	11,783,923
7/1/1988-6/30/1989	291,840,000	6.20%	18,094,080	312	100%	7/1/2015-6/30/2016	12,243,729
7/1/1989-6/30/1990	285,070,000	6.20%	17,674,340	300	100%	7/1/2016-6/30/2017	10,899,170
7/1/1990-6/30/1991	502,627,148	6.20%	31,162,883	288	100%	7/1/2017-6/30/2018	9,011,643
7/1/1991-6/30/1992	340,350,000	6.20%	21,101,700	276	100%	7/1/2018-6/30/2019	7,211,718
7/1/1992-6/30/1993	425,234,203	6.20%	26,364,521	264	100%	7/1/2019-6/30/2020	6,253,914
7/1/1993-6/30/1994	269,577,356	6.20%	16,713,796	252	100%	7/1/2020-6/30/2021	4,634,352
7/1/1994-6/30/1995	86,855,000	6.20%	5,385,010	240	100%	7/1/2021-6/30/2022	3,316,578
7/1/1995-6/30/1996	122,845,000	6.20%	7,616,390	228	100%	7/1/2022-6/30/2023	2,550,436
7/1/1996-6/30/1997	96,845,000	6.20%	6,004,390	216	100%	7/1/2023-6/30/2024	1,697,020
7/1/1997-6/30/1998	288,615,000	6.20%	17,894,130	204	100%	7/1/2024-6/30/2025	1,136,998
7/1/1998-6/30/1999	30,100,000	6.20%	1,866,200	192	100%	7/1/2025-6/30/2026	849,850
7/1/1999-6/30/2000	135,160,000	6.20%	8,379,920	180	100%	7/1/2026-6/30/2027	409,831
7/1/2000-6/30/2001	153,995,000	6.20%	9,547,690	168	99%	7/1/2027-6/30/2028	191,163
7/1/2001-6/30/2002	183,335,000	6.20%	11,366,770	156	97%	7/1/2028-6/30/2029	80,037
7/1/2002-6/30/2003	157,890,000	6.20%	9,789,180	144	95%	7/1/2029-6/30/2030	0
7/1/2003-6/30/2004	198,201,000	6.20%	12,288,462	132	92%	7/1/2030-6/30/2031	0
7/1/2004-6/30/2005	47,200,000	6.20%	2,926,400	120	88%	7/1/2031-6/30/2032	0
7/1/2005-6/30/2006	68,565,000	6.20%	4,251,030	108	82%	7/1/2032-6/30/2033	0
7/1/2006-6/30/2007	26,224,359	6.20%	1,625,910	96	77%	7/1/2033-6/30/2034	0
7/1/2007-6/30/2008	332,810,000	6.20%	20,634,220	84	67%	7/1/2034-6/30/2035	0
7/1/2008-6/30/2009	354,360,000	6.20%	21,970,320	72	57%	7/1/2035-6/30/2036	0
7/1/2009-6/30/2010	135,035,000	6.20%	8,372,170	60	45%	7/1/2036-6/30/2037	0
7/1/2010-6/30/2011	190,190,000	6.20%	11,791,780	48	32%	7/1/2037-6/30/2038	0
7/1/2011-6/30/2012	55,860,000	6.20%	3,463,320	36	16%	7/1/2038-6/30/2039	0
7/1/2012-6/30/2013	361,555,000	6.20%	22,416,410	24	5%	7/1/2039-6/30/2040	0
7/1/2013-6/30/2014	259,475,000	6.20%	16,087,450	12	1%	7/1/2040-6/30/2041	0
						7/1/2041-6/30/2042	0
						7/1/2042-6/30/2043	0
						7/1/2043-6/30/2044	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 6.20% Default Rate  
As of June 30, 2014

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2014-6/30/2015	11,783,923	64.0%	7,541,711	1,659,176
7/1/2015-6/30/2016	12,243,729	64.0%	7,835,987	3,458,510
7/1/2016-6/30/2017	10,899,170	64.0%	6,975,469	5,222,308
7/1/2017-6/30/2018	9,011,643	64.0%	5,767,452	5,737,199
7/1/2018-6/30/2019	7,211,718	64.0%	4,615,499	5,780,280
7/1/2019-6/30/2020	6,253,914	64.0%	4,002,505	5,230,885
7/1/2020-6/30/2021	4,634,352	64.0%	2,965,985	4,502,523
7/1/2021-6/30/2022	3,316,578	64.0%	2,122,610	3,797,200
7/1/2022-6/30/2023	2,550,436	64.0%	1,632,279	3,022,526
7/1/2023-6/30/2024	1,697,020	64.0%	1,086,093	2,333,101
7/1/2024-6/30/2025	1,136,998	64.0%	727,678	1,748,688
7/1/2025-6/30/2026	849,850	64.0%	543,904	1,290,031
7/1/2026-6/30/2027	409,831	64.0%	262,292	923,875
7/1/2027-6/30/2028	191,163	64.0%	122,345	624,450
7/1/2028-6/30/2029	80,037	64.0%	51,224	395,343
7/1/2029-6/30/2030	0	64.0%	0	239,734
7/1/2030-6/30/2031	0	64.0%	0	134,004
7/1/2031-6/30/2032	0	64.0%	0	72,384
7/1/2032-6/30/2033	0	64.0%	0	39,748
7/1/2033-6/30/2034	0	64.0%	0	19,876
7/1/2034-6/30/2035	0	64.0%	0	10,606
7/1/2035-6/30/2036	0	64.0%	0	5,545
7/1/2036-6/30/2037	0	64.0%	0	2,738
7/1/2037-6/30/2038	0	64.0%	0	1,416
7/1/2038-6/30/2039	0	64.0%	0	609
7/1/2039-6/30/2040	0	64.0%	0	225
7/1/2040-6/30/2041	0	64.0%	0	51
7/1/2041-6/30/2042	0	64.0%	0	0
7/1/2042-6/30/2043	0	64.0%	0	0
7/1/2043-6/30/2044	0	64.0%	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 June 30, 2014

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	8.00%	22,805,600	300	100%	7/1/2014-6/30/2015	15,412,696
7/1/1990-6/30/1991	502,627,148	8.00%	40,210,172	288	100%	7/1/2015-6/30/2016	16,801,822
7/1/1991-6/30/1992	340,350,000	8.00%	27,228,000	276	100%	7/1/2016-6/30/2017	17,004,412
7/1/1992-6/30/1993	425,234,203	8.00%	34,018,736	264	100%	7/1/2017-6/30/2018	17,336,309
7/1/1993-6/30/1994	269,577,356	8.00%	21,566,188	252	100%	7/1/2018-6/30/2019	17,006,400
7/1/1994-6/30/1995	86,855,000	8.00%	6,948,400	240	100%	7/1/2019-6/30/2020	17,620,627
7/1/1995-6/30/1996	122,845,000	8.00%	9,827,600	228	100%	7/1/2020-6/30/2021	17,344,713
7/1/1996-6/30/1997	96,845,000	8.00%	7,747,600	216	100%	7/1/2021-6/30/2022	17,570,025
7/1/1997-6/30/1998	288,615,000	8.00%	23,089,200	204	100%	7/1/2022-6/30/2023	17,553,764
7/1/1998-6/30/1999	30,100,000	8.00%	2,408,000	192	100%	7/1/2023-6/30/2024	17,636,013
7/1/1999-6/30/2000	135,160,000	8.00%	10,812,800	180	100%	7/1/2024-6/30/2025	17,781,028
7/1/2000-6/30/2001	153,995,000	8.00%	12,319,600	168	99%	7/1/2025-6/30/2026	18,231,069
7/1/2001-6/30/2002	183,335,000	8.00%	14,666,800	156	97%	7/1/2026-6/30/2027	18,462,296
7/1/2002-6/30/2003	157,890,000	8.00%	12,631,200	144	95%	7/1/2027-6/30/2028	18,815,013
7/1/2003-6/30/2004	198,201,000	8.00%	15,856,080	132	92%	7/1/2028-6/30/2029	19,038,423
7/1/2004-6/30/2005	47,200,000	8.00%	3,776,000	120	88%	7/1/2029-6/30/2030	19,360,832
7/1/2005-6/30/2006	68,565,000	8.00%	5,485,200	108	82%	7/1/2030-6/30/2031	19,809,314
7/1/2006-6/30/2007	26,224,359	8.00%	2,097,949	96	77%	7/1/2031-6/30/2032	20,276,356
7/1/2007-6/30/2008	332,810,000	8.00%	26,624,800	84	67%	7/1/2032-6/30/2033	20,682,601
7/1/2008-6/30/2009	354,360,000	8.00%	28,348,800	72	57%	7/1/2033-6/30/2034	21,085,315
7/1/2009-6/30/2010	135,035,000	8.00%	10,802,800	60	45%	7/1/2034-6/30/2035	21,561,010
7/1/2010-6/30/2011	190,190,000	8.00%	15,215,200	48	32%	7/1/2035-6/30/2036	22,155,163
7/1/2011-6/30/2012	55,860,000	8.00%	4,468,800	36	16%	7/1/2036-6/30/2037	22,643,820
7/1/2012-6/30/2013	361,555,000	8.00%	28,924,400	24	5%	7/1/2037-6/30/2038	23,212,181
7/1/2013-6/30/2014	259,475,000	8.00%	20,758,000	12	1%	7/1/2038-6/30/2039	23,829,970
7/1/2014-6/30/2015	240,145,000	8.00%	19,211,600	0	0%	7/1/2039-6/30/2040	24,345,492
7/1/2015-6/30/2016	200,000,000	8.00%	16,000,000	0	0%	7/1/2040-6/30/2041	24,727,693
7/1/2016-6/30/2017	200,000,000	8.00%	16,000,000	0	0%	7/1/2041-6/30/2042	25,082,314
7/1/2017-6/30/2018	200,000,000	8.00%	16,000,000	0	0%	7/1/2042-6/30/2043	25,372,416
7/1/2018-6/30/2019	225,000,000	8.00%	18,000,000	0	0%	7/1/2043-6/30/2044	25,545,435
7/1/2019-6/30/2020	225,000,000	8.00%	18,000,000	0	0%		
7/1/2020-6/30/2021	225,000,000	8.00%	18,000,000	0	0%		
7/1/2021-6/30/2022	225,000,000	8.00%	18,000,000	0	0%		
7/1/2022-6/30/2023	225,000,000	8.00%	18,000,000	0	0%		
7/1/2023-6/30/2024	250,000,000	8.00%	20,000,000	0	0%		
7/1/2024-6/30/2025	250,000,000	8.00%	20,000,000	0	0%		
7/1/2025-6/30/2026	250,000,000	8.00%	20,000,000	0	0%		
7/1/2026-6/30/2027	250,000,000	8.00%	20,000,000	0	0%		
7/1/2027-6/30/2028	250,000,000	8.00%	20,000,000	0	0%		
7/1/2028-6/30/2029	275,000,000	8.00%	22,000,000	0	0%		
7/1/2029-6/30/2030	275,000,000	8.00%	22,000,000	0	0%		
7/1/2030-6/30/2031	275,000,000	8.00%	22,000,000	0	0%		
7/1/2031-6/30/2032	275,000,000	8.00%	22,000,000	0	0%		
7/1/2032-6/30/2033	300,000,000	8.00%	24,000,000	0	0%		
7/1/2033-6/30/2034	300,000,000	8.00%	24,000,000	0	0%		
7/1/2034-6/30/2035	300,000,000	8.00%	24,000,000	0	0%		
7/1/2035-6/30/2036	325,000,000	8.00%	26,000,000	0	0%		
7/1/2036-6/30/2037	325,000,000	8.00%	26,000,000	0	0%		
7/1/2037-6/30/2038	325,000,000	8.00%	26,000,000	0	0%		
7/1/2038-6/30/2039	325,000,000	8.00%	26,000,000	0	0%		
7/1/2039-6/30/2040	325,000,000	8.00%	26,000,000	0	0%		
7/1/2040-6/30/2041	325,000,000	8.00%	26,000,000	0	0%		
7/1/2041-6/30/2042	325,000,000	8.00%	26,000,000	0	0%		
7/1/2042-6/30/2043	325,000,000	8.00%	26,000,000	0	0%		
7/1/2043-6/30/2044	325,000,000	8.00%	26,000,000	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 8.00% Default Rate  
As of June 30, 2014**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2014-6/30/2015	15,412,696	64.0%	9,864,126	2,170,108
7/1/2015-6/30/2016	16,801,822	64.0%	10,753,166	4,634,445
7/1/2016-6/30/2017	17,004,412	64.0%	10,882,823	7,333,481
7/1/2017-6/30/2018	17,336,309	64.0%	11,095,238	8,815,988
7/1/2018-6/30/2019	17,006,400	64.0%	10,884,096	9,943,904
7/1/2019-6/30/2020	17,620,627	64.0%	11,277,201	10,435,315
7/1/2020-6/30/2021	17,344,713	64.0%	11,100,616	10,696,504
7/1/2021-6/30/2022	17,570,025	64.0%	11,244,816	11,000,747
7/1/2022-6/30/2023	17,553,764	64.0%	11,234,409	11,069,875
7/1/2023-6/30/2024	17,636,013	64.0%	11,287,048	11,156,135
7/1/2024-6/30/2025	17,781,028	64.0%	11,379,858	11,219,417
7/1/2025-6/30/2026	18,231,069	64.0%	11,667,884	11,351,205
7/1/2026-6/30/2027	18,462,296	64.0%	11,815,869	11,498,836
7/1/2027-6/30/2028	18,815,013	64.0%	12,041,608	11,672,313
7/1/2028-6/30/2029	19,038,423	64.0%	12,184,591	11,841,173
7/1/2029-6/30/2030	19,360,832	64.0%	12,390,933	12,026,734
7/1/2030-6/30/2031	19,809,314	64.0%	12,677,961	12,227,001
7/1/2031-6/30/2032	20,276,356	64.0%	12,976,868	12,462,616
7/1/2032-6/30/2033	20,682,601	64.0%	13,236,864	12,715,347
7/1/2033-6/30/2034	21,085,315	64.0%	13,494,602	12,974,695
7/1/2034-6/30/2035	21,561,010	64.0%	13,799,046	13,245,388
7/1/2035-6/30/2036	22,155,163	64.0%	14,179,304	13,541,977
7/1/2036-6/30/2037	22,643,820	64.0%	14,492,045	13,851,958
7/1/2037-6/30/2038	23,212,181	64.0%	14,855,796	14,182,745
7/1/2038-6/30/2039	23,829,970	64.0%	15,251,181	14,528,722
7/1/2039-6/30/2040	24,345,492	64.0%	15,581,115	14,880,622
7/1/2040-6/30/2041	24,727,693	64.0%	15,825,724	15,209,250
7/1/2041-6/30/2042	25,082,314	64.0%	16,052,681	15,507,493
7/1/2042-6/30/2043	25,372,416	64.0%	16,238,346	15,768,428
7/1/2043-6/30/2044	25,545,435	64.0%	16,349,078	15,983,054

**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 June 30, 2014**

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	10.00%	28,507,000	300	100%	7/1/2014-6/30/2015	19,265,870
7/1/1990-6/30/1991	502,627,148	10.00%	50,262,715	288	100%	7/1/2015-6/30/2016	21,002,278
7/1/1991-6/30/1992	340,350,000	10.00%	34,035,000	276	100%	7/1/2016-6/30/2017	21,255,515
7/1/1992-6/30/1993	425,234,203	10.00%	42,523,420	264	100%	7/1/2017-6/30/2018	21,670,386
7/1/1993-6/30/1994	269,577,356	10.00%	26,957,736	252	100%	7/1/2018-6/30/2019	21,258,001
7/1/1994-6/30/1995	86,855,000	10.00%	8,685,500	240	100%	7/1/2019-6/30/2020	22,025,784
7/1/1995-6/30/1996	122,845,000	10.00%	12,284,500	228	100%	7/1/2020-6/30/2021	21,680,891
7/1/1996-6/30/1997	96,845,000	10.00%	9,684,500	216	100%	7/1/2021-6/30/2022	21,962,532
7/1/1997-6/30/1998	288,615,000	10.00%	28,861,500	204	100%	7/1/2022-6/30/2023	21,942,205
7/1/1998-6/30/1999	30,100,000	10.00%	3,010,000	192	100%	7/1/2023-6/30/2024	22,045,016
7/1/1999-6/30/2000	135,160,000	10.00%	13,516,000	180	100%	7/1/2024-6/30/2025	22,226,285
7/1/2000-6/30/2001	153,995,000	10.00%	15,399,500	168	99%	7/1/2025-6/30/2026	22,788,837
7/1/2001-6/30/2002	183,335,000	10.00%	18,333,500	156	97%	7/1/2026-6/30/2027	23,077,870
7/1/2002-6/30/2003	157,890,000	10.00%	15,789,000	144	95%	7/1/2027-6/30/2028	23,518,766
7/1/2003-6/30/2004	198,201,000	10.00%	19,820,100	132	92%	7/1/2028-6/30/2029	23,798,029
7/1/2004-6/30/2005	47,200,000	10.00%	4,720,000	120	88%	7/1/2029-6/30/2030	24,201,041
7/1/2005-6/30/2006	68,565,000	10.00%	6,856,500	108	82%	7/1/2030-6/30/2031	24,761,643
7/1/2006-6/30/2007	26,224,359	10.00%	2,622,436	96	77%	7/1/2031-6/30/2032	25,345,445
7/1/2007-6/30/2008	332,810,000	10.00%	33,281,000	84	67%	7/1/2032-6/30/2033	25,853,251
7/1/2008-6/30/2009	354,360,000	10.00%	35,436,000	72	57%	7/1/2033-6/30/2034	26,356,644
7/1/2009-6/30/2010	135,035,000	10.00%	13,503,500	60	45%	7/1/2034-6/30/2035	26,951,262
7/1/2010-6/30/2011	190,190,000	10.00%	19,019,000	48	32%	7/1/2035-6/30/2036	27,693,954
7/1/2011-6/30/2012	55,860,000	10.00%	5,586,000	36	16%	7/1/2036-6/30/2037	28,304,775
7/1/2012-6/30/2013	361,555,000	10.00%	36,155,500	24	5%	7/1/2037-6/30/2038	29,015,227
7/1/2013-6/30/2014	259,475,000	10.00%	25,947,500	12	1%	7/1/2038-6/30/2039	29,787,463
7/1/2014-6/30/2015	240,145,000	10.00%	24,014,500	0	0%	7/1/2039-6/30/2040	30,431,864
7/1/2015-6/30/2016	200,000,000	10.00%	20,000,000	0	0%	7/1/2040-6/30/2041	30,909,616
7/1/2016-6/30/2017	200,000,000	10.00%	20,000,000	0	0%	7/1/2041-6/30/2042	31,352,893
7/1/2017-6/30/2018	200,000,000	10.00%	20,000,000	0	0%	7/1/2042-6/30/2043	31,715,520
7/1/2018-6/30/2019	225,000,000	10.00%	22,500,000	0	0%	7/1/2043-6/30/2044	31,931,794
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	300,000,000	10.00%	30,000,000	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%		
7/1/2042-6/30/2043	325,000,000	10.00%	32,500,000	0	0%		
7/1/2043-6/30/2044	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 June 30, 2014**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2014-6/30/2015	19,265,870	64.0%	12,330,157	2,712,635
7/1/2015-6/30/2016	21,002,278	64.0%	13,441,458	5,793,057
7/1/2016-6/30/2017	21,255,515	64.0%	13,603,529	9,166,851
7/1/2017-6/30/2018	21,670,386	64.0%	13,869,047	11,019,985
7/1/2018-6/30/2019	21,258,001	64.0%	13,605,120	12,429,880
7/1/2019-6/30/2020	22,025,784	64.0%	14,096,502	13,044,144
7/1/2020-6/30/2021	21,680,891	64.0%	13,875,770	13,370,630
7/1/2021-6/30/2022	21,962,532	64.0%	14,056,020	13,750,934
7/1/2022-6/30/2023	21,942,205	64.0%	14,043,011	13,837,343
7/1/2023-6/30/2024	22,045,016	64.0%	14,108,810	13,945,168
7/1/2024-6/30/2025	22,226,285	64.0%	14,224,823	14,024,272
7/1/2025-6/30/2026	22,788,837	64.0%	14,584,855	14,189,006
7/1/2026-6/30/2027	23,077,870	64.0%	14,769,837	14,373,544
7/1/2027-6/30/2028	23,518,766	64.0%	15,052,010	14,590,391
7/1/2028-6/30/2029	23,798,029	64.0%	15,230,738	14,801,466
7/1/2029-6/30/2030	24,201,041	64.0%	15,488,666	15,033,418
7/1/2030-6/30/2031	24,761,643	64.0%	15,847,452	15,283,751
7/1/2031-6/30/2032	25,345,445	64.0%	16,221,085	15,578,270
7/1/2032-6/30/2033	25,853,251	64.0%	16,546,080	15,894,184
7/1/2033-6/30/2034	26,356,644	64.0%	16,868,252	16,218,369
7/1/2034-6/30/2035	26,951,262	64.0%	17,248,808	16,556,736
7/1/2035-6/30/2036	27,693,954	64.0%	17,724,130	16,927,471
7/1/2036-6/30/2037	28,304,775	64.0%	18,115,056	17,314,948
7/1/2037-6/30/2038	29,015,227	64.0%	18,569,745	17,728,431
7/1/2038-6/30/2039	29,787,463	64.0%	19,063,976	18,160,902
7/1/2039-6/30/2040	30,431,864	64.0%	19,476,393	18,600,777
7/1/2040-6/30/2041	30,909,616	64.0%	19,782,155	19,011,562
7/1/2041-6/30/2042	31,352,893	64.0%	20,065,851	19,384,366
7/1/2042-6/30/2043	31,715,520	64.0%	20,297,933	19,710,535
7/1/2043-6/30/2044	31,931,794	64.0%	20,436,348	19,978,817

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

**Estimated Amount of Loan Default by Fiscal Year at 6.20% Default Rate - Annual-Premium Loans Only  
As of June 30, 2014**

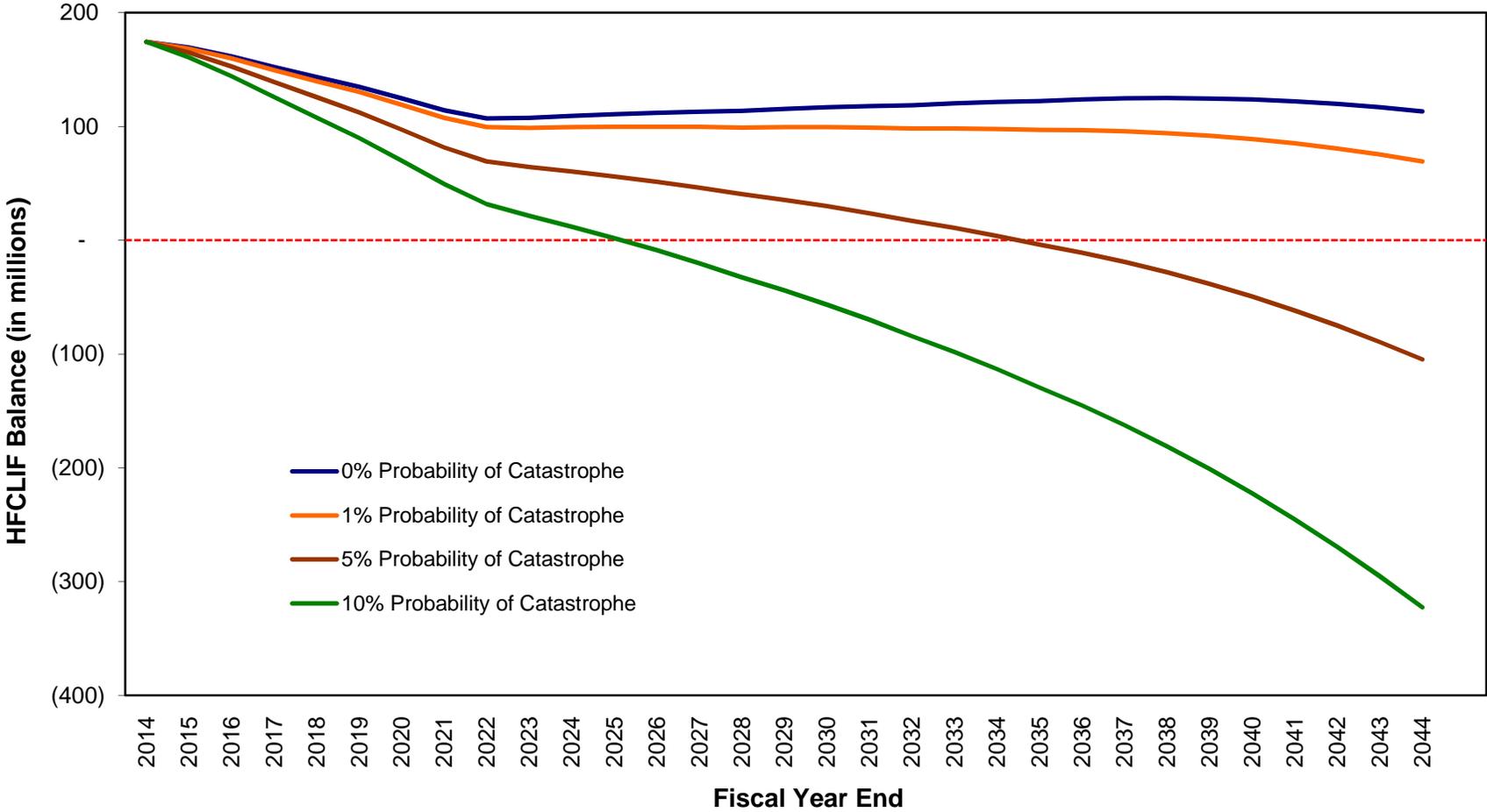
Issue Year	Total Annual Premium Loans Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1983-6/30/1984	159,700,000	6.20%	9,901,400	372	100%	7/1/2014-6/30/2015	52,630
7/1/1984-6/30/1985	151,784,000	6.20%	9,410,608	360	100%	7/1/2015-6/30/2016	10,993
7/1/1985-6/30/1986	210,620,000	6.20%	13,058,440	348	100%	7/1/2016-6/30/2017	0
7/1/1986-6/30/1987	287,629,000	6.20%	17,832,998	336	100%	7/1/2017-6/30/2018	0
7/1/1987-6/30/1988	164,845,000	6.20%	10,220,390	324	100%	7/1/2018-6/30/2019	0
7/1/1988-6/30/1989	291,840,000	6.20%	18,094,080	312	100%	7/1/2019-6/30/2020	0
7/1/1989-6/30/1990	285,070,000	6.20%	17,674,340	300	100%	7/1/2020-6/30/2021	0
7/1/1990-6/30/1991	502,627,148	6.20%	31,162,883	288	100%	7/1/2021-6/30/2022	0
7/1/1991-6/30/1992	340,350,000	6.20%	21,101,700	276	100%	7/1/2022-6/30/2023	0
7/1/1992-6/30/1993	425,234,203	6.20%	26,364,521	264	100%	7/1/2023-6/30/2024	0
7/1/1993-6/30/1994	269,577,356	6.20%	16,713,796	252	100%	7/1/2024-6/30/2025	0
7/1/1994-6/30/1995	86,855,000	6.20%	5,385,010	240	100%	7/1/2025-6/30/2026	0
7/1/1995-6/30/1996	122,845,000	6.20%	7,616,390	228	100%	7/1/2026-6/30/2027	0
7/1/1996-6/30/1997	96,845,000	6.20%	6,004,390	216	100%	7/1/2027-6/30/2028	0
7/1/1997-6/30/1998	288,615,000	6.20%	17,894,130	204	100%	7/1/2028-6/30/2029	0
7/1/1998-6/30/1999	30,100,000	6.20%	1,866,200	192	100%	7/1/2029-6/30/2030	0
7/1/1999-6/30/2000	135,160,000	6.20%	8,379,920	180	100%	7/1/2030-6/30/2031	0
7/1/2000-6/30/2001	35,640,000	6.20%	2,209,680	168	99%	7/1/2031-6/30/2032	0

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

**Projected Fiscal Year End HFCLIF Balance**

Fiscal Year	Expected Fiscal Year End Fund Balance			
	0% Probability of Catastrophe	1% Probability of Catastrophe	5% Probability of Catastrophe	10% Probability of Catastrophe
7/1/2013-6/30/2014	174,289,633	174,289,633	174,289,633	174,289,633
7/1/2014-6/30/2015	169,229,900	168,358,300	164,902,000	160,615,400
7/1/2015-6/30/2016	161,444,500	159,683,600	152,758,600	144,045,400
7/1/2016-6/30/2017	152,157,800	149,488,600	138,963,800	125,821,100
7/1/2017-6/30/2018	143,351,300	139,759,200	125,558,500	107,799,300
7/1/2018-6/30/2019	134,835,000	130,285,800	112,287,500	89,813,280
7/1/2019-6/30/2020	124,701,300	119,159,000	97,268,890	69,916,690
7/1/2020-6/30/2021	114,139,500	107,583,700	81,622,050	49,256,740
7/1/2021-6/30/2022	106,954,400	99,343,270	69,196,930	31,713,390
7/1/2022-6/30/2023	107,483,200	98,774,740	64,319,980	21,429,140
7/1/2023-6/30/2024	109,151,600	99,314,070	60,361,240	11,907,290
7/1/2024-6/30/2025	110,663,900	99,663,380	56,065,200	1,815,872
7/1/2025-6/30/2026	111,964,100	99,760,100	51,334,140	(8,877,321)
7/1/2026-6/30/2027	113,023,900	99,553,740	46,163,140	(20,316,240)
7/1/2027-6/30/2028	113,745,500	98,973,650	40,420,420	(32,473,480)
7/1/2028-6/30/2029	115,460,800	99,318,190	35,439,260	(44,138,420)
7/1/2029-6/30/2030	116,866,900	99,324,920	29,887,760	(56,614,750)
7/1/2030-6/30/2031	117,942,500	98,953,780	23,720,070	(69,958,640)
7/1/2031-6/30/2032	118,642,600	98,151,720	16,924,430	(84,280,980)
7/1/2032-6/30/2033	120,245,700	98,188,710	10,736,390	(98,301,120)
7/1/2033-6/30/2034	121,445,800	97,756,300	3,835,822	(113,304,200)
7/1/2034-6/30/2035	122,207,400	96,848,820	(3,808,129)	(129,414,800)
7/1/2035-6/30/2036	123,783,700	96,685,520	(10,918,020)	(145,314,500)
7/1/2036-6/30/2037	124,631,100	95,725,450	(19,105,400)	(162,624,300)
7/1/2037-6/30/2038	124,900,100	94,095,720	(28,279,140)	(181,207,400)
7/1/2038-6/30/2039	124,570,700	91,822,400	(38,404,560)	(201,137,400)
7/1/2039-6/30/2040	123,613,000	88,826,080	(49,527,680)	(222,451,000)
7/1/2040-6/30/2041	122,024,200	85,122,220	(61,751,490)	(245,250,800)
7/1/2041-6/30/2042	119,745,100	80,649,780	(75,006,500)	(269,499,800)
7/1/2042-6/30/2043	116,772,800	75,410,300	(89,400,860)	(295,269,800)
7/1/2043-6/30/2044	113,104,000	69,363,350	(104,823,400)	(322,617,500)

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



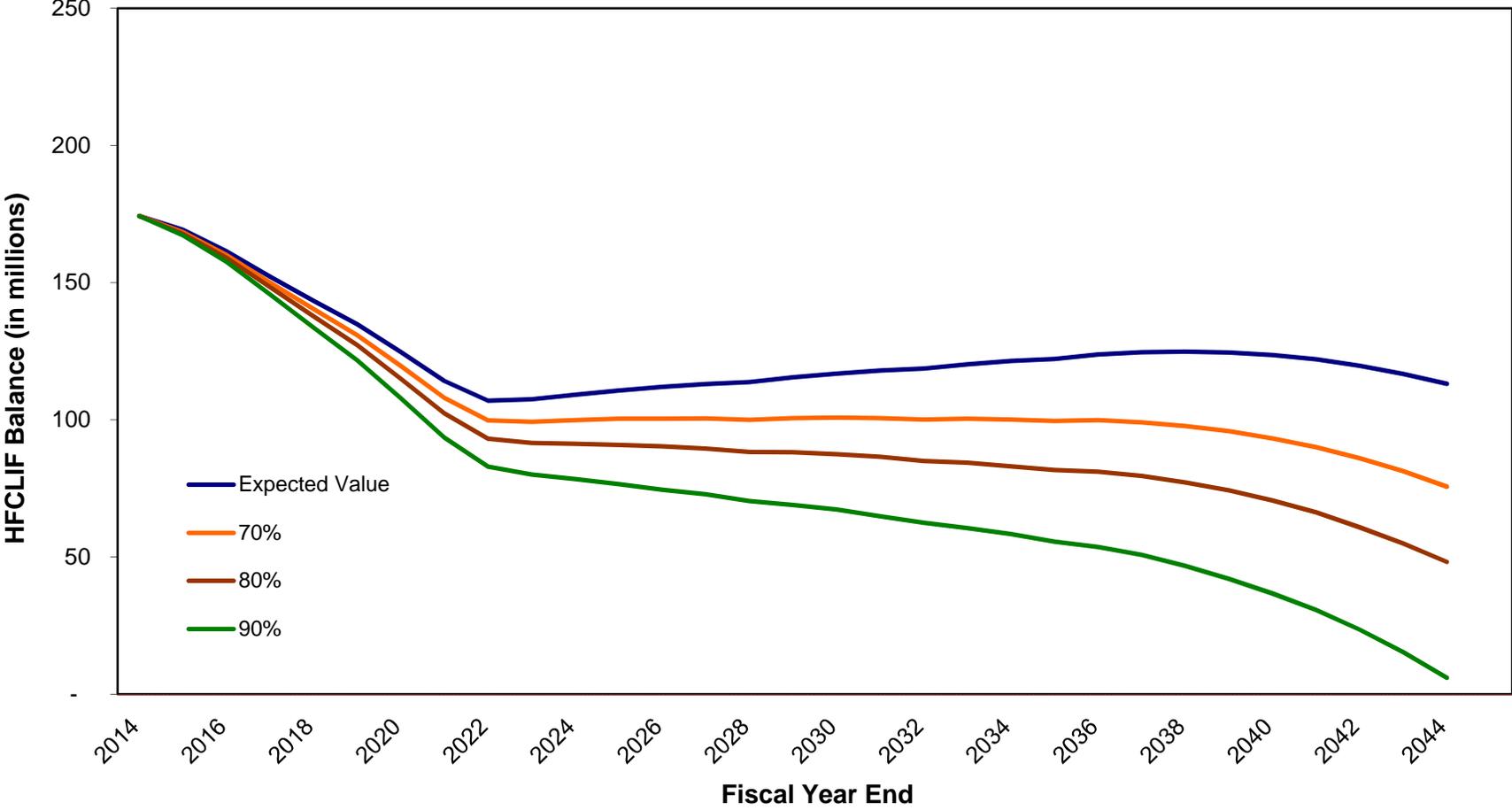
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2013-6/30/2014	174,289,633	174,289,633	174,289,633	174,289,633
7/1/2014-6/30/2015	169,229,900	168,266,300	167,782,800	167,158,100
7/1/2015-6/30/2016	161,444,500	160,060,500	159,044,300	157,609,800
7/1/2016-6/30/2017	152,157,800	150,056,900	148,360,400	145,696,700
7/1/2017-6/30/2018	143,351,300	140,389,200	137,744,200	133,602,400
7/1/2018-6/30/2019	134,835,000	130,837,200	127,222,600	121,630,300
7/1/2019-6/30/2020	124,701,300	119,601,100	115,027,000	107,875,600
7/1/2020-6/30/2021	114,139,500	108,018,400	102,377,600	93,469,800
7/1/2021-6/30/2022	106,954,400	99,823,900	93,120,060	82,945,340
7/1/2022-6/30/2023	107,483,200	99,306,840	91,558,820	80,035,820
7/1/2023-6/30/2024	109,151,600	99,905,000	91,206,820	78,407,760
7/1/2024-6/30/2025	110,663,900	100,363,800	90,877,580	76,517,030
7/1/2025-6/30/2026	111,964,100	100,386,100	90,294,980	74,452,780
7/1/2026-6/30/2027	113,023,900	100,499,500	89,534,630	72,805,620
7/1/2027-6/30/2028	113,745,500	100,004,900	88,225,580	70,374,400
7/1/2028-6/30/2029	115,460,800	100,574,400	88,118,590	68,964,420
7/1/2029-6/30/2030	116,866,900	100,763,100	87,494,900	67,262,670
7/1/2030-6/30/2031	117,942,500	100,602,700	86,472,650	64,836,160
7/1/2031-6/30/2032	118,642,600	100,060,600	84,982,570	62,488,270
7/1/2032-6/30/2033	120,245,700	100,395,000	84,323,610	60,541,180
7/1/2033-6/30/2034	121,445,800	100,109,500	83,029,510	58,397,760
7/1/2034-6/30/2035	122,207,400	99,591,620	81,687,920	55,560,080
7/1/2035-6/30/2036	123,783,700	99,850,610	81,063,800	53,649,590
7/1/2036-6/30/2037	124,631,100	99,025,170	79,519,700	50,713,180
7/1/2037-6/30/2038	124,900,100	97,771,260	77,190,020	46,801,470
7/1/2038-6/30/2039	124,570,700	95,880,820	74,295,500	42,022,020
7/1/2039-6/30/2040	123,613,000	93,186,530	70,554,770	36,645,180
7/1/2040-6/30/2041	122,024,200	90,026,760	66,274,440	30,665,290
7/1/2041-6/30/2042	119,745,100	85,990,020	60,802,980	23,513,860
7/1/2042-6/30/2043	116,772,800	81,247,700	54,880,510	15,356,540
7/1/2043-6/30/2044	113,104,000	75,630,100	48,186,450	5,976,034

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

**0% Probability of Catastrophe**



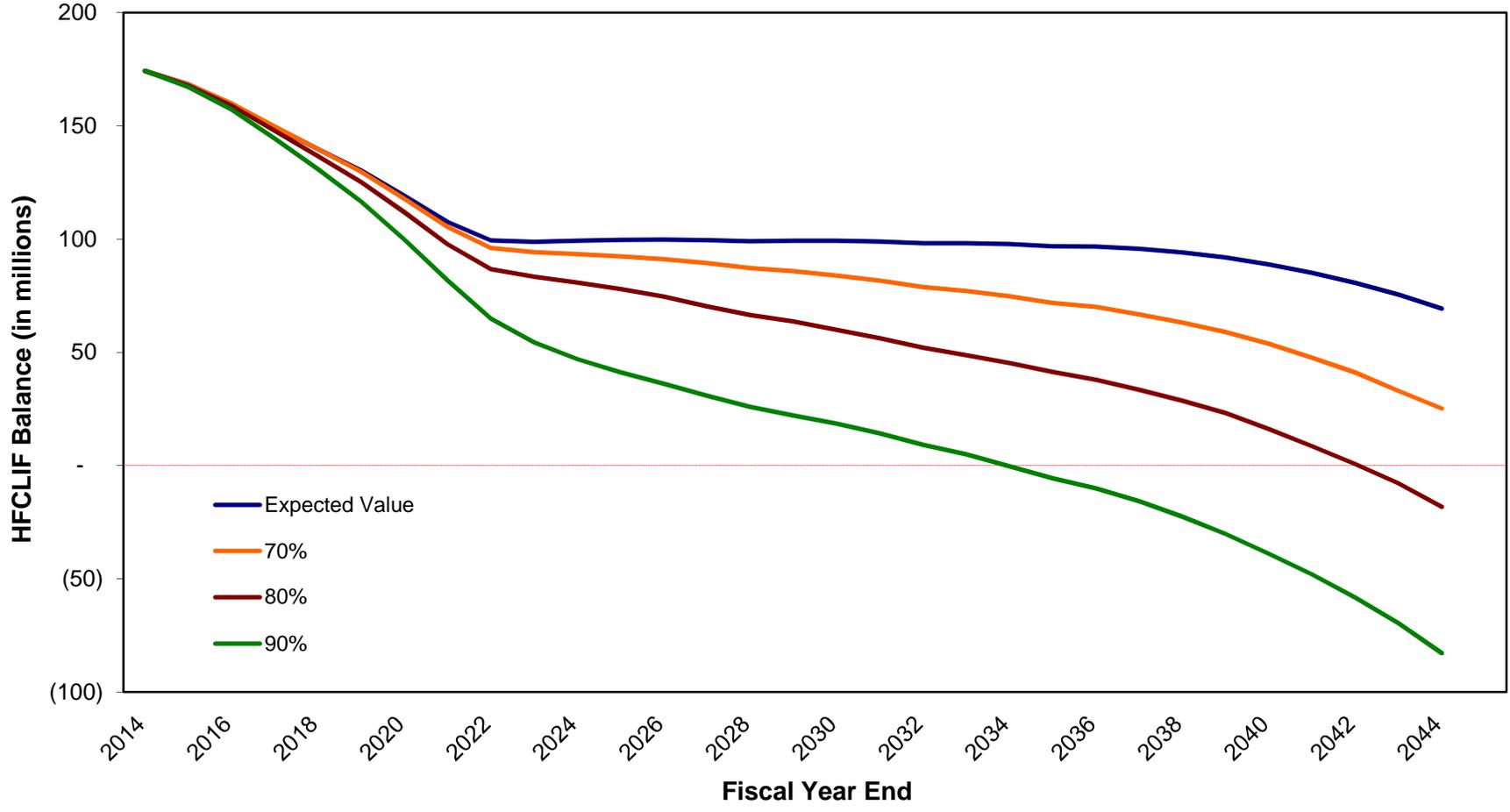
Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance  
1% Probability of Catastrophe

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2013-6/30/2014	174,289,633	174,289,633	174,289,633	174,289,633
7/1/2014-6/30/2015	168,358,300	168,227,800	167,740,600	167,097,100
7/1/2015-6/30/2016	159,683,600	159,941,900	158,899,100	157,183,700
7/1/2016-6/30/2017	149,488,600	149,745,500	147,839,400	144,361,500
7/1/2017-6/30/2018	139,759,200	139,769,500	136,637,300	130,843,700
7/1/2018-6/30/2019	130,285,800	129,775,600	125,177,900	116,539,100
7/1/2019-6/30/2020	119,159,000	117,806,800	111,889,300	99,763,810
7/1/2020-6/30/2021	107,583,700	105,256,000	97,691,480	81,765,550
7/1/2021-6/30/2022	99,343,270	96,021,410	86,720,590	64,831,340
7/1/2022-6/30/2023	98,774,740	94,242,920	83,326,480	54,428,240
7/1/2023-6/30/2024	99,314,070	93,375,820	80,799,060	46,922,300
7/1/2024-6/30/2025	99,663,380	92,411,780	77,952,470	41,176,280
7/1/2025-6/30/2026	99,760,100	91,134,740	74,589,120	36,107,840
7/1/2026-6/30/2027	99,553,740	89,437,730	70,271,870	30,846,240
7/1/2027-6/30/2028	98,973,650	87,140,430	66,511,560	25,954,670
7/1/2028-6/30/2029	99,318,190	85,793,730	63,619,170	22,126,490
7/1/2029-6/30/2030	99,324,920	83,854,620	59,959,910	18,517,420
7/1/2030-6/30/2031	98,953,780	81,581,760	56,248,980	14,177,280
7/1/2031-6/30/2032	98,151,720	78,741,720	52,029,500	9,097,076
7/1/2032-6/30/2033	98,188,710	77,039,420	48,680,900	4,878,523
7/1/2033-6/30/2034	97,756,300	74,757,600	45,223,970	(312,990)
7/1/2034-6/30/2035	96,848,820	71,796,740	41,278,540	(5,711,564)
7/1/2035-6/30/2036	96,685,520	69,997,610	37,915,890	(10,103,220)
7/1/2036-6/30/2037	95,725,450	66,678,990	33,433,690	(15,801,350)
7/1/2037-6/30/2038	94,095,720	63,131,440	28,652,270	(22,602,480)
7/1/2038-6/30/2039	91,822,400	58,903,880	23,214,610	(30,257,940)
7/1/2039-6/30/2040	88,826,080	53,800,380	16,041,970	(38,934,160)
7/1/2040-6/30/2041	85,122,220	47,555,680	8,558,594	(48,036,430)
7/1/2041-6/30/2042	80,649,780	41,029,000	665,765	(58,365,600)
7/1/2042-6/30/2043	75,410,300	32,868,710	(7,930,694)	(69,729,530)
7/1/2043-6/30/2044	69,363,350	25,201,580	(18,251,060)	(82,905,680)

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

**1% Probability of Catastrophe**



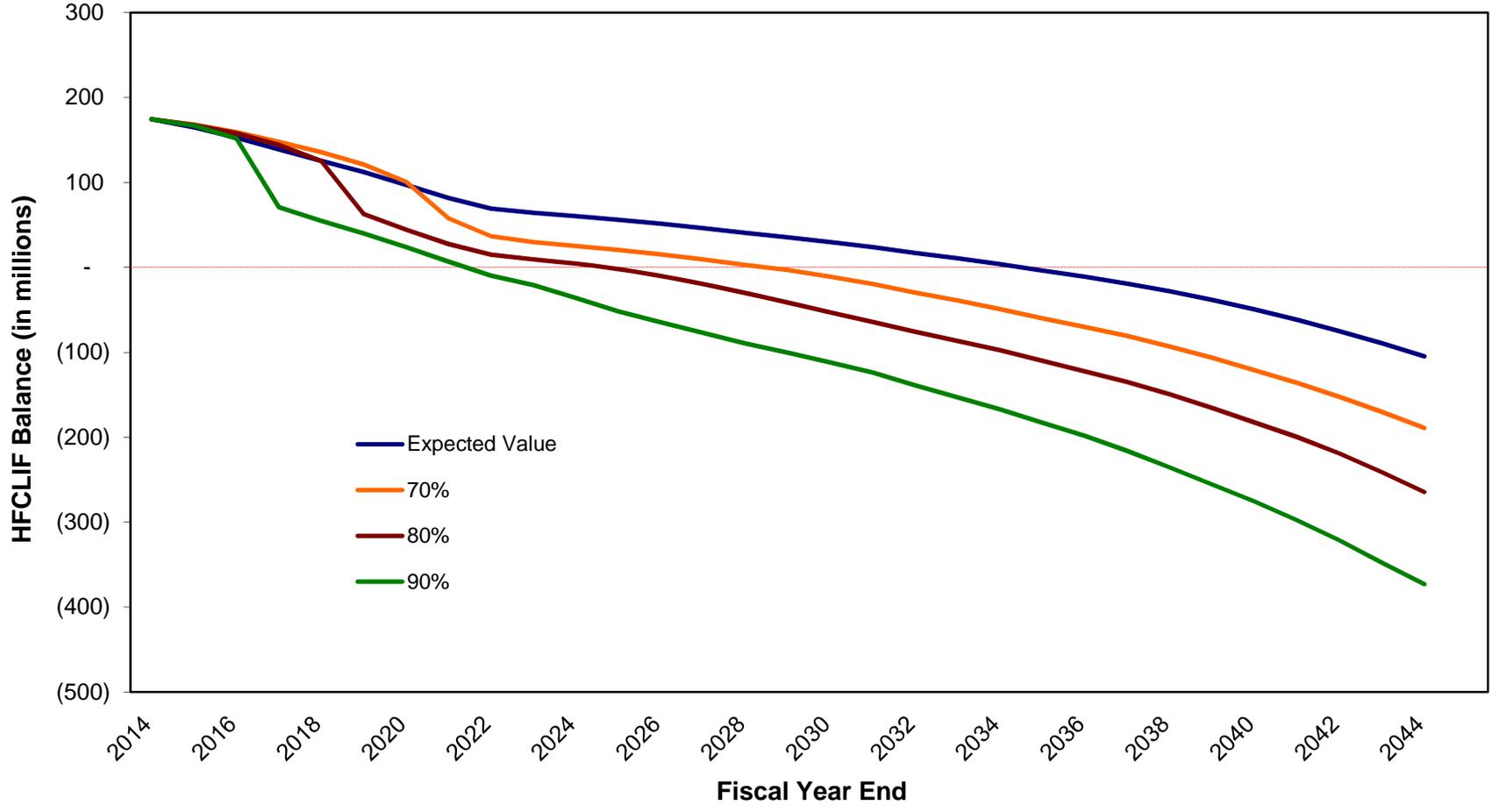
**Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2013-6/30/2014	174,289,633	174,289,633	174,289,633	174,289,633
7/1/2014-6/30/2015	164,902,000	168,075,300	167,548,100	166,736,500
7/1/2015-6/30/2016	152,758,600	159,331,900	157,820,400	151,626,800
7/1/2016-6/30/2017	138,963,800	147,901,800	144,064,200	70,910,740
7/1/2017-6/30/2018	125,558,500	135,514,800	125,019,400	54,757,010
7/1/2018-6/30/2019	112,287,500	121,155,500	62,740,790	39,892,260
7/1/2019-6/30/2020	97,268,890	100,721,600	44,086,540	23,955,730
7/1/2020-6/30/2021	81,622,050	57,774,420	27,478,820	6,674,811
7/1/2021-6/30/2022	69,196,930	36,716,090	14,970,660	(9,866,283)
7/1/2022-6/30/2023	64,319,980	29,896,350	9,337,729	(20,842,960)
7/1/2023-6/30/2024	60,361,240	25,213,160	4,331,404	(36,098,180)
7/1/2024-6/30/2025	56,065,200	20,563,060	(2,269,382)	(51,772,940)
7/1/2025-6/30/2026	51,334,140	15,402,920	(9,945,081)	(64,684,660)
7/1/2026-6/30/2027	46,163,140	9,363,577	(19,731,870)	(77,090,050)
7/1/2027-6/30/2028	40,420,420	2,909,912	(30,606,320)	(89,598,110)
7/1/2028-6/30/2029	35,439,260	(3,191,139)	(41,330,370)	(100,587,700)
7/1/2029-6/30/2030	29,887,760	(11,008,890)	(52,968,050)	(112,144,400)
7/1/2030-6/30/2031	23,720,070	(19,640,810)	(64,173,580)	(123,797,300)
7/1/2031-6/30/2032	16,924,430	(29,660,740)	(75,758,940)	(138,859,600)
7/1/2032-6/30/2033	10,736,390	(39,104,950)	(86,660,770)	(153,091,000)
7/1/2033-6/30/2034	3,835,822	(49,194,850)	(97,564,740)	(167,201,500)
7/1/2034-6/30/2035	(3,808,129)	(60,137,880)	(109,905,900)	(183,097,100)
7/1/2035-6/30/2036	(10,918,020)	(70,279,450)	(122,537,200)	(198,624,400)
7/1/2036-6/30/2037	(19,105,400)	(80,787,960)	(135,070,300)	(216,210,600)
7/1/2037-6/30/2038	(28,279,140)	(93,304,130)	(149,475,400)	(235,579,300)
7/1/2038-6/30/2039	(38,404,560)	(106,461,400)	(165,452,900)	(255,718,700)
7/1/2039-6/30/2040	(49,527,680)	(121,151,900)	(182,791,900)	(275,851,700)
7/1/2040-6/30/2041	(61,751,490)	(135,969,500)	(199,866,700)	(297,786,500)
7/1/2041-6/30/2042	(75,006,500)	(152,593,600)	(219,080,500)	(321,568,300)
7/1/2042-6/30/2043	(89,400,860)	(170,326,200)	(241,058,800)	(347,615,900)
7/1/2043-6/30/2044	(104,823,400)	(189,332,900)	(264,511,000)	(373,001,900)

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

**5% Probability of Catastrophe**



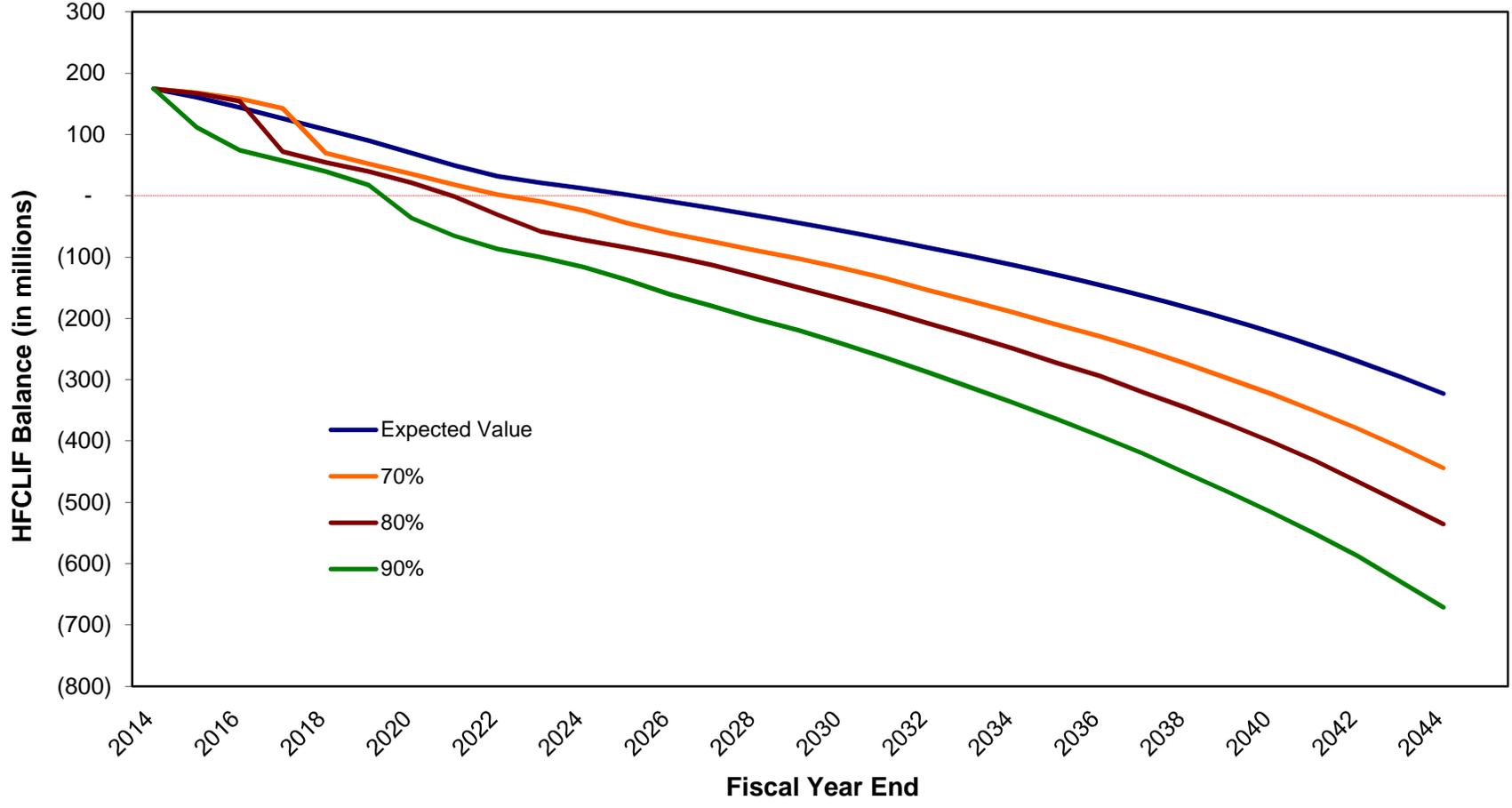
**Cal-Mortgage Loan Insurance Division  
 California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2013-6/30/2014	174,289,633	174,289,633	174,289,633	174,289,633
7/1/2014-6/30/2015	160,615,400	167,882,300	167,269,300	111,829,300
7/1/2015-6/30/2016	144,045,400	158,233,500	154,183,100	74,437,430
7/1/2016-6/30/2017	125,821,100	142,532,200	71,807,500	57,242,540
7/1/2017-6/30/2018	107,799,300	69,847,020	54,600,910	39,884,300
7/1/2018-6/30/2019	89,813,280	52,325,210	39,536,000	17,613,430
7/1/2019-6/30/2020	69,916,690	35,532,820	21,100,410	(36,271,680)
7/1/2020-6/30/2021	49,256,740	17,860,520	(1,210,653)	(65,523,130)
7/1/2021-6/30/2022	31,713,390	1,850,224	(31,041,740)	(86,613,170)
7/1/2022-6/30/2023	21,429,140	(9,142,173)	(58,053,120)	(100,138,600)
7/1/2023-6/30/2024	11,907,290	(24,175,700)	(72,046,060)	(116,394,600)
7/1/2024-6/30/2025	1,815,872	(44,497,350)	(84,563,420)	(137,333,000)
7/1/2025-6/30/2026	(8,877,321)	(60,810,720)	(97,895,130)	(160,681,100)
7/1/2026-6/30/2027	(20,316,240)	(74,989,830)	(113,136,500)	(180,201,600)
7/1/2027-6/30/2028	(32,473,480)	(88,923,700)	(130,923,600)	(200,592,000)
7/1/2028-6/30/2029	(44,138,420)	(102,463,000)	(149,419,600)	(219,170,300)
7/1/2029-6/30/2030	(56,614,750)	(117,620,900)	(168,067,100)	(241,021,500)
7/1/2030-6/30/2031	(69,958,640)	(134,459,800)	(186,834,500)	(263,561,000)
7/1/2031-6/30/2032	(84,280,980)	(153,591,100)	(207,632,000)	(287,792,400)
7/1/2032-6/30/2033	(98,301,120)	(171,719,300)	(227,858,800)	(312,415,900)
7/1/2033-6/30/2034	(113,304,200)	(190,132,200)	(249,387,900)	(337,979,300)
7/1/2034-6/30/2035	(129,414,800)	(210,109,300)	(272,473,900)	(364,171,100)
7/1/2035-6/30/2036	(145,314,500)	(229,120,700)	(293,824,800)	(391,489,900)
7/1/2036-6/30/2037	(162,624,300)	(250,391,300)	(320,423,800)	(419,958,400)
7/1/2037-6/30/2038	(181,207,400)	(273,438,100)	(345,215,600)	(452,002,200)
7/1/2038-6/30/2039	(201,137,400)	(298,236,800)	(372,571,000)	(483,162,100)
7/1/2039-6/30/2040	(222,451,000)	(323,089,500)	(400,982,100)	(516,198,600)
7/1/2040-6/30/2041	(245,250,800)	(350,789,100)	(431,780,100)	(550,580,600)
7/1/2041-6/30/2042	(269,499,800)	(379,430,600)	(465,673,000)	(586,995,600)
7/1/2042-6/30/2043	(295,269,800)	(410,788,000)	(500,372,000)	(629,353,200)
7/1/2043-6/30/2044	(322,617,500)	(444,020,100)	(535,438,700)	(671,161,000)

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

**10% Probability of Catastrophe**



Cal-Mortgage Loan Insurance Division  
California Health Facility Construction Loan Insurance Program  
Industry Countrywide Loss Experience - Hospitals  
Parameters for Monte Carlo Simulation  
As of June 30, 2014

Issue Year	Hospitals		Nursing Homes		Combined	
	Exposure	Loan Balance	Exposure	Loan Balance	Exposure	Loan Balance
	Base	Default Rate	Base	Default Rate	Base	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	1.91%	838,700	40.17%	8,991,900	5.48%
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	9.04%	31,517,100	2.52%
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	14.60%	13,428,400	2.59%
1996	16,356,200	3.36%	3,040,500	10.33%	19,396,700	4.45%
1997	22,036,300	0.92%	3,523,600	8.96%	25,559,900	2.03%
1998	33,623,500	0.76%	5,077,800	9.61%	38,701,300	1.92%
1999	21,678,800	0.44%	4,981,900	7.58%	26,660,700	1.78%
2000	14,147,100	0.11%	2,876,400	5.66%	17,023,500	1.04%
2001	20,232,300	0.04%	2,919,300	6.30%	23,151,600	0.83%
2002	21,982,400	0.47%	3,787,200	3.67%	25,769,600	0.94%
2003	25,228,700	2.44%	3,228,400	3.84%	28,457,100	2.60%
2004	25,692,900	0.21%	3,222,300	9.53%	28,915,200	1.25%
2005	34,117,000	0.57%	4,276,300	3.24%	38,393,300	0.87%
2006	32,708,000	0.34%	6,010,800	3.82%	38,718,800	0.88%
2007	41,009,900	3.82%	7,837,300	6.42%	48,847,200	4.23%
2008	58,165,000	0.52%	2,498,700	10.50%	60,663,700	0.93%
2009	43,821,200	0.67%	1,953,000	14.54%	45,774,200	1.26%
2010	28,223,400	0.90%	2,732,000	11.33%	30,955,400	1.82%
2011	22,644,500	1.04%	1,217,200	13.27%	23,861,700	1.67%
2012	27,142,100	1.22%	3,680,200	11.00%	30,822,300	2.39%
2013	18,662,200	1.22%	2,804,900	11.00%	21,467,100	2.50%

Indicated CV (Coefficient of Variation)

1981 - 1999	0.458
1997 - 2007	0.620
1981 - 2013	0.572
Prior	0.700

Selected	0.620
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Notes:

- (1) From Alacra, Inc.
- (2) From Section III, Exhibit 2, Page 2, Column (5)
- (3) From Alacra, Inc.
- (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 June 30, 2014**

	<b>Distribution</b>	<b>Expected</b>	<b>Selected CV</b>	<b>Low</b>	<b>High</b>
Default Rate	Truncated Lognormal	6.20%	61.97%	1.24%	31.00%
Loss Severity	Triangle	64.00%		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	6.00%		0.00%	15.00%
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 June 30, 2014**

<b>Borrower Rank</b>	<b>Borrower</b>	<b>Original Insured Amount</b>	<b>Current Principal Balance</b>
#1	ENLOE MEDICAL CENTER	235,595,000	217,925,000
#2	MONTECEDRO	140,305,000	140,305,000
#3	LODI MEMORIAL HOSPITAL ASSOCIATION, INC.	150,000,000	140,030,000
#4	ODD FELLOWS HOME OF CALIFORNIA	98,550,000	94,705,000
#5	LOS ANGELES JEWISH HOME FOR THE AGING	135,650,000	90,675,000
#6	COMMUNITY PROGRAM FOR PERSONS WITH DISABILITIES	76,970,000	66,165,000
#7	CHINESE HOSPITAL	65,000,000	65,000,000
#8	MARSHALL MEDICAL CENTER	67,805,000	64,735,000
#9	CHANNING HOUSE	64,020,000	61,640,000
#10	CASA DE LAS CAMPANAS	54,310,000	50,655,000
	Average	108,820,500	
	Average Excluding High & Low	99,787,500	
	Selected Catastrophe Loss	115,000,000	



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