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California Health Facility Construction Loan Insurance Program

(Referred to as Cal-Mortgage Loan Insurance)

2005 STATE PLAN

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

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

2005 State Plan

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2005 State Plan
for the
California Health Facility Construction
Loan Insurance Program

Introduction and Purpose

Created in 1969 and modeled after federal home mortgage programs, the California Health Facility Construction Loan Insurance Program (**Program**) enables public and nonprofit healthcare facilities to obtain private financing, without cost to taxpayers, to develop or expand their services in communities throughout California.

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

With the passage of AB 282 in October 1999, amendments to Section 129020 of the Health and Safety Code require the Office of Statewide Health Planning and Development (**OSHPD**) to develop a state plan every odd-numbered year for the Program. (See **Exhibit 1.**)

In this State Plan (**2005 State Plan**), OSHPD intends to provide a summary of the Program, identify current trends that affect the Program, and specify goals and objectives in order to continue to focus the Program on equitable healthcare accessibility for California.

Section I. Status Report of the Loan Insurance Program

A. History of the California Health Facility Construction Loan Insurance Program - First Thirty-Six Years

The California Health Facility Construction Loan Insurance Program (**Program**) was authorized in 1968 by an initiative vote, which added the following section to the State Constitution (reference Article 16, Section 4):

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

Legislation enabling the Program was passed by the Legislature in 1969.

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 California Health Facility Construction Loan Insurance 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 access to lower interest rates, similar to the tax exempt bond rates available to the State. (See **Exhibit 22**.)

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

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

In 1972, OSHPD insured its first loan with the full faith and credit of the State guaranteeing the loan.

The enabling legislation required OSHPD to develop a plan and allocate loan insurance based on its findings, so that needed facilities would be constructed or expanded. OSHPD originally used Hill-Burton planning documents as the Plan.

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

When the Certificate of Need program was suspended in 1987, OSHPD requested the California Health Policy and Data Advisory Commission (**CHPDAC**) form a task force to assess the continuing need for the Program. While the task force concluded that the Program performed a valuable function, it recommended that: (1) there should be a total dollar cap on the Program, that could be re-evaluated periodically by the Legislature; and (2) the Program should be guided by some kind of non-regulatory state plan.

OSHPD sought legislation to implement these two recommendations. Senate Bill 1293, passed in 1989, established the requirement for OSHPD to develop a state plan and allocate resources according to that state plan. At the same time, a \$2 billion cap was established on loan guarantees.

In 1991, legislation raised the cap on loan guarantees to \$2.5 billion. It also provided that the cap could be raised to \$3 billion, with the completion of a state plan. The first State Plan was finished in July 1992. Effective January 1, 1993, the amount that OSHPD was authorized to insure was raised to \$3 billion.

In September 1993, Triad Healthcare Corporation (**Triad**) defaulted on an insured loan of \$167 million. Due to this large default, OSHPD declared a moratorium on new applications. A review of the Program found that OSHPD still could continue to meet the requirement that the Program be administered without cost to the State. Due to the findings of this review, the moratorium was lifted and OSHPD began accepting new applications in May 1994.

From the Loan Insurance Program's inception, the Advisory Loan Insurance Committee (**ALIC**) has been utilized to review loan insurance applications,

including Cal-Mortgage staff analyses, and to make recommendations to the OSHPD Director. The ALIC has been comprised of public and government members with expertise in financing, health planning, construction, and healthcare facility operations.

During the moratorium, the Advisory Loan Insurance Committee (**ALIC**) was restructured. OSHPD appointed new members to the ALIC, including a representative from the Department of Finance. In 1995, regulations were amended to increase the number of members on the ALIC from seven to nine.

In order to strengthen OSHPD's ability to deal with facilities in serious financial trouble, Senate Bill 1705 was passed in September 1994. This bill gave OSHPD authorization to assume or direct managerial control of borrowers in default.

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

During the 1998-1999 Legislative session, a cooperative effort by the State Legislature, the State Auditor's staff, and OSHPD staff resulted in passage of AB 282 (Chapter 848, Statutes of 1999). The statutes made changes to improve the Program. They (1) authorized a one-time, up-front insurance premium; (2) established, in law, the Advisory Loan Insurance Committee with expanded responsibilities; (3) required preparation of a biennial State Plan; and (4) required preparation of annual reports to the Legislature.

B. Developments Since the Prior State Plan

1. Changes in the Program's Portfolio

Since 2001, the Program's portfolio has increased to \$1.3 billion (**Exhibit 12**). However, the number of insured loans declined to 171 from 182 (**Exhibit 13**).

Two factors explain this shift. First, as interest rates declined, borrowers were able to refinance out of the Program and achieve lower interest costs (generally from about 7% to below 6%). Over the last three years, eighteen projects refinanced and left the Program. Seven other borrowers paid off their debt. When these borrowers (with loans insured before 2001) paid off their loans, their annual insurance premiums were eliminated. Second, even though thirty

projects left the Program during this three-year period, these projects were relatively small, with an average principal balance of \$3 million.

During this three year period, fewer new projects were insured, than left, but the average insured loan amount was greater. For the twelve projects added, the average principal balance was \$38 million.

In summary, the profile of the insured portfolio, based upon the number of projects by type, remained relatively unchanged between June 2001 and June 2004. (See **Exhibit 15**.) However, based upon the insured loan amount, the proportion of the portfolio related to multi-level and skilled nursing facilities increased. These projects represented 36 percent of the total in July 2001 and 46 percent in June 2004. (See **Exhibits 8 & 16**.)

2. Implementation of Priority Needs Identified in the Prior State Plan

The 2001 State Plan established certain priorities, which are indicated in the following summary listing. Loan insurance activities since 2001 have reflected those priorities. From July 1, 2001 through June 30, 2004, OSHPD insured 20 projects. (Please note: Since a project may address more than one priority area, the combined total of all priority areas exceeds 20.)

- 1) Two projects were in medically underserved areas or were projects that serve medically underserved populations.
- 2) Three projects involved compliance with seismic safety standards.
- 3) Four projects enhanced the actuarial stability of the Program.
- 4) Twelve projects targeted special needs populations and created community-based treatment environments: six projects for the elderly, three projects for persons with mental or developmental disabilities, and three projects for persons needing substance abuse therapy.
- 5) Two projects promoted access to primary care services.
- 6) Eleven projects provided solutions to healthcare delivery problems in rural areas, for patients with chronic health problems, or by developing continuums of care.
- 7) Ten projects included opportunities to refinance debt and reduce the borrower's risk to the Program's insurance fund.

Exhibit 5 shows the projects that were newly insured since July 1, 2001.

3. New Legislation

During the 2001-2002 Legislative session, Assembly Member Wilma Chan's efforts resulted in passage of AB 2917 (Chapter 93, Statutes of 2002). This new statute expanded the allowable security requirements for the Loan Insurance Program to include leasehold deeds of trust that have a term of at least 20 years longer than the term of the insured loan.

C. Description of Program Operations

1. Administration

As one of fourteen departments in the California Health and Human Services Agency, OSHPD's vision is "equitable healthcare accessibility for California." Its mission is to be a leader in analyzing California's healthcare infrastructure, promoting a diverse and culturally competent healthcare workforce, informing the public about healthcare quality, assuring the safety of buildings used in providing healthcare, insuring loans to develop healthcare facilities, and facilitating development of sustained capacity for communities to address healthcare issues.

OSHPD administers the California Health Facility Construction Loan Insurance Program through its Cal-Mortgage Loan Insurance Division (**Cal-Mortgage**). For FY 2004-05, the Cal-Mortgage Loan Insurance Division was authorized for 20 employees and an annual budget of \$4.3 million.

OSHPD uses the Advisory Loan Insurance Committee (**ALIC**) to provide technical review and analysis of applications. The ALIC independently recommends to the OSHPD Director regarding whether an application should be approved and whether conditions should be attached to the approval. The ALIC also assists the OSHPD Director in formulating policy and providing advice on the State Plan. The ALIC is comprised of nine members. Seven members are citizens with expertise in areas of finance, healthcare facility management, and construction. Two members are appointed from State government: one of which is appointed by the Director of Finance.

OSHPD is also assisted by the California Health Policy and Data Advisory Commission (**CHPDAC**). The CHPDAC gives OSHPD and the Cal-Mortgage Loan Insurance Division general advice by periodically reviewing the Program, providing advice on the State Plan, and serving as a review body for applicants whose applications for loan insurance are denied by OSHPD. Since the Program's inception in 1972, one hearing has been requested and conducted.

The California Health Facility Construction Loan Insurance Law also established the Health Facility Construction Loan Insurance Fund (**Insurance Fund**). The Insurance Fund is used as a depository of fees and insurance premiums. It is

invested in the California State Pooled Money Investment Account Portfolio managed by the State Treasurer and earns interest equivalent to the rate earned by other State Treasury funds. The Insurance Fund is a trust fund and may only be used to pay administrative costs of the Program and shortfalls resulting from defaults by insured borrowers. As a trust fund, the Insurance Fund and the interest (or other earnings) generated may not be used for non-Program purposes. (See **Exhibit 14.**)

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

Cal-Mortgage staff provide reports to OSHPD's Director, the California Health and Human Services Agency (**CHHSA**), and the State Legislature. Cal-Mortgage staff also prepare monthly and annual reports showing Program activity, the cash balance of the Insurance Fund, and, in conjunction with OSHPD's accounting staff, the assets and liabilities of the Program. (See **Exhibit 2.**) For anticipated events, the Cal-Mortgage staff submit Week Ahead Reports to OSHPD administration. In even-numbered years, OSHPD contracts for an actuarial study of the Program. (Refer to Section I D for a summary of these reports.) Starting with the fiscal year ending June 30, 2000, OSHPD has prepared annually two reports for the Legislature: (1) Financial Status of the Program and (2) Borrowers' Compliance with their Community Service Obligations.

Reports on the activity of the Program are published monthly and are available upon request or on the OSHPD web site (www.oshpd.ca.gov/CalMort).

2. Application Process

All loan insurance applications follow a seven step application and credit evaluation process. By structuring the process in several steps or stages, the goal is to make determinations about an application as early in the process as possible. In this way, if an application is not approvable, the applicant's costs are minimized.

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

Step Two: The applicant submits additional documentation that expands on and confirms the information provided in the preliminary review. To initiate this second stage, the applicant must submit a \$500 non-refundable application fee.

Step Three: The third step is the submission of a complete application. The key question under consideration at this stage is whether the proposed project is financially feasible. Following written guidelines, Cal-Mortgage staff assesses

the project and financial projections. The applicant's financial performance is analyzed using a customized financial analysis software computer program.

Cal-Mortgage staff also reviews other factors, including the reasonableness of the project scope, community demand, expertise of the applicant's management team, and collateral. The applicant describes the community needs the healthcare facility will meet and provides data and information to substantiate these needs. The Project Officer assesses the proposed project's consistency with the State Plan. Finally, the Project Officer conducts a financial sensitivity analysis, using different levels of need and reimbursement to assess changes in the proposed project's financial feasibility.

The Project Officer writes a Project Summary and Feasibility Analysis (**PS&FA**). This PS&FA includes a recommendation for approving the application and a proposed set of conditions. Then, the application is scheduled for review by the Advisory Loan Insurance Committee (**ALIC**).

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

Step Five: Following the Advisory Loan Insurance Committee meeting, the Director of OSHPD makes a decision to approve or disapprove the application.

If the Director concurs with the recommendation of the Cal-Mortgage staff and the Advisory Loan Insurance Committee to approve the application, OSHPD issues a preliminary letter of commitment specifying any conditions the applicant must meet prior to the issuance of loan insurance.

If the Director decides to guarantee a loan that the Advisory Loan Insurance Committee recommended not to insure, the Director is to notify the Secretary of the California Health and Human Services Agency and document, in writing, the programmatic or policy reasons for his decision. The Secretary may request that the California Health Policy and Data Advisory Commission (**CHPDAC**) conduct a hearing to review the application, the ALIC recommendation, and the Director's decision. If there is a hearing, CHPDAC makes its recommendation to the Secretary. At any point in this review process, the Secretary may decide to sustain the decision, modify the loan insurance guarantee, deny the application, or direct another review by the ALIC or Cal-Mortgage staff.

If the application for loan insurance is denied, the applicant may petition for a fair hearing before the California Health Policy and Data Advisory Commission.

Step Six: This step involves the sale of the bonds or certificates of participation. At this stage, the applicant must provide OSHPD with documentation that conditions contained in the commitment letter have been met.

Step Seven: The final step is the close of escrow, at which point the loan is made and loan insurance is effective. Loans are secured by a first mortgage, first deed of trust or other first priority lien. Borrowers are also subject to security agreements, which specify conditions, covenants, and restrictions.

For a listing of insured projects, see **Exhibit 4**. A listing of projects by facility type is included as **Exhibits 7 & 8**. And, a listing of projects by county is included as **Exhibits 9 & 10**.

3. Program Fees and Charges

The Program charges an application fee (\$500), a one-time certification and inspection fee of four-tenths of one percent (0.4 percent) of the insured loan, and an insurance premium fee. Effective January 1, 2001, the insurance premium for new loans is a one-time amount not to exceed three percent of total principal and interest on the loan. Regulations, adopted in March 2001, allow for a discounted premium rate for those applicants who obtain a credit rating or assessment from Standard & Poor's, Moody's, or Fitch.

4. Project Monitoring

Following the close of escrow, OSHPD's Cal-Mortgage staff monitor each borrower for compliance with loan covenants. The Project Officer reviews periodic financial reports, payment information, and insurance coverage. The Project Officer also visits the facility site in order to verify the continuing solvency of the borrower and the ongoing ability to make timely payments.

The monitoring process is intended to detect, as early as possible, potential problems. If a problem is detected, the Project Officer and Cal-Mortgage management assist the borrower in resolving the financial problem.

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

- A no problems
- B minor problems
- C moderate problems
- D serious problems; missed payments
- E default anticipated
- F defaulted; Insurance Fund being used

A computer database is maintained about all borrowers and insured projects. Various monitoring reports are produced for Cal-Mortgage staff. The computer database can also produce letters to borrowers if they have not provided required reporting documents.

5. Remedies for Projects with Problems

When an insured borrower fails to submit a required payment or defaults on the contractual terms or covenants of the insured loan, OSHPD informally communicates with the facility's management or borrower. To facilitate communication and collaboration, the Project Officer may visit the facility. OSHPD's approach is to solve the problem by working with the facility's management and governing board to develop a plan of correction. If the borrower fails to submit the required report or correct the default, OSHPD sends a formal notice in writing stating the nature of the default. If the borrower further fails to submit a plan or submits a plan that is unacceptable to OSHPD, then OSHPD conducts additional onsite visits. If OSHPD determines that the borrower is not making sufficient progress in submitting required reports or correcting defaults, OSHPD with the approval of the Director, may require the borrower, at the borrower's expense, to employ an independent consultant to conduct an audit of the facility's performance and make recommendations.

6. Other Practices to Lower Insurance Risk in the Program

OSHPD requires the borrower, through the Contract of Insurance, to certify periodically that the financial performance of the healthcare facility meets or exceeds specific financial ratios. OSHPD, also, requires that the borrower obtain OSHPD's approval before taking on additional debt or selling facility assets.

OSHPD requires the borrower to maintain property and casualty insurance, such as fire, boiler, earthquake, general liability, and professional liability (malpractice).

OSHPD protects the Program and the Insurance Fund from the potential insolvency of a borrower by requiring a debt service reserve fund, equal to one year's debt service payments of principal and interest and interest.

D. Provisions to Assist Small Healthcare Facilities

Health and Safety Code Section 129355 (d) states that any State Plan shall identify impediments that preclude small facilities from utilizing the California Health Facility Construction Loan Insurance Program and shall include programmatic remedies to enable small projects to utilize the Program. Based upon Section 129355 (b), small facilities are defined as those with projects which are less than \$5 million.

The 1995 State Plan identified several measures that were implemented:

- Application process revised for document submission in steps.
- Loan commitment extended to twelve months.
- Financial feasibility workbook developed for projects under \$300,000.

OSHPD believes that these efforts, along with others, have addressed barriers related to small projects. Since the 1995 State Plan, OSHPD has insured 60 projects, with 25 (42 percent) under \$5 million.

Overall, the portfolio is substantially composed of smaller types of healthcare facilities. The proportion of the portfolio related to smaller, community-based projects (primary care clinics, chemical dependency and recovery facilities, group homes, mental health programs, etc.) remains above 50 percent. These projects represented 47 percent in December 1995, 66 percent in June 2001, and 58 percent in June 2004. (See **Exhibits 11 & 17.**)

OSHPD has had success in providing loan insurance to a number of small facilities. But, it should be noted that healthcare delivery is constantly changing and evolving. To assure equitable accessibility, OSHPD will continue to monitor the kinds of projects that the Program insures and will continue to be alert for new impediments and the corresponding remedies. (See **Exhibit 6.**)

E. Actuarial Studies

When the Program was established in 1969, it was not funded with a capital reserve fund, as the Program was backed by the full faith and credit of the State. With the receipt of premiums and fees since 1972, the Insurance Fund had grown to approximately \$184 million at the end of the FY 2003-04. (See **Exhibits 2 & 14.**) In spite of the defaults discussed in Section I F of this State Plan, the Insurance Fund has generally been increasing.

Since 1992, OSHPD has contracted every even-numbered year for a study.

2002 Actuarial Report

The most recent actuarial study was conducted by Milliman USA. Their report, completed in February 2003, addressed the following objectives:

- Determine the reserve sufficiency of the funds in the Insurance Fund as of June 30, 2002.
- Assess the risk to the State's General Fund of the Loan Insurance Program.

As to the first issue, Milliman USA concluded that assuming "normal and expected" conditions, the Insurance Fund should maintain a positive Loan Insurance Fund balance during at least the next 15 years. As to the second

issue, Milliman USA found that the only risk to the General Fund would derive from its most pessimistic scenario, which is a ten percent annual probability of a catastrophic claim. Milliman USA noted that such a scenario is highly unlikely and that, even if it did occur, the Program would have funds for 11 years.

F. Defaulted Loans Requiring Payments from Insurance Fund

Prior to the 2001 State Plan, nine loans insured by OSHPD had defaulted, resulting in payments from the Insurance Fund. (See **Exhibit 3**.) Since 2001, four loans have defaulted. A brief description for each default follows (listed in chronological order of payments from the Insurance Fund):

CACCOA. Community Adult Care Centers of America (**CACCOA**) was a nonprofit corporation that planned to acquire a 78-bed skilled nursing facility in Long Beach, an 83-bed board and care facility in Los Angeles, and adjacent sites at each location to construct additional facilities. In 1990, OSHPD insured this project for \$10 million.

Due to CACCOA's failure to develop the project as required, OSHPD declared it in default in May 1992 and paid off the insured note with approximately \$4.5 million from the Insurance Fund. In July 1992, OSHPD instituted legal proceedings to recover expended funds. In a settlement agreement, reached in 1999, the assets were sold to unrelated parties for approximately \$1.5 million. OSHPD received payments from the note on this sale until November 1, 2004, when the note was paid off.

Lytton Gardens. In 1981, OSHPD insured a \$9.6 million loan to construct a 120-bed, multi-story skilled nursing facility in Palo Alto.

In 1994, due to operational problems, Lytton Gardens defaulted on two loan payments. OSHPD made these two payments from the Insurance Fund. In 1995, Lytton Gardens resumed its monthly debt service payments. In December 1999, the insured loan was refinanced, which included full repayment with interest to the Insurance Fund. Lytton Gardens continued to make timely payments until April 2003. Lytton Gardens is not currently making debt service payments and is developing an alternative business strategy.

Triad. Triad Healthcare Corporation was a nonprofit corporation formed to purchase two hospitals in Sherman Oaks and Canoga Park from a for-profit corporation. In 1991, OSHPD insured \$142 million in short-term taxable notes to acquire the hospitals.

In 1993, Triad defaulted on its loan as a result of losses from operations. In February 1994, Triad filed for Chapter 11 protection in Federal Bankruptcy Court. In April 1995, the borrower, renamed as Sherman Oaks Health System, exited bankruptcy and continued operating Sherman Oaks Hospital and Medical Center. The second facility (West Valley Hospital) was sold with the proceeds going to the Loan Insurance Fund. The bankruptcy court restructured Triad's obligation to OSHPD. OSHPD is responsible for making the payments on the restructured debt. OSHPD filed lawsuits against individuals and entities involved in the Triad financing to recover damages. OSHPD has received settlements of approximately \$54 million. As of June 30, 2004, OSHPD and hospital management were discussing a restructuring of the outstanding debt due to weak financial performance.

Los Medanos. In 1990, OSHPD insured an \$11.1 million loan to the Los Medanos Health Care Corporation, a healthcare district in Pittsburg. The project was for renovation and expansion of Los Medanos Community Hospital, paying off existing debt, and providing funds for future capital projects.

In 1994, Los Medanos defaulted on the loan and subsequently filed for Chapter 9 bankruptcy. A settlement agreement was signed in September 1998. Property owners in the healthcare district continue to pay a property tax in order to repay amounts due OSHPD in the settlement agreement.

Healthcare Delivery Systems. In 1992, OSHPD insured a \$9.93 million loan to Healthcare Delivery Services (**HCDS**) for the acquisition of a group home for emotionally disturbed children on a 2.68-acre campus in Van Nuys.

As a result of a variety of problems, the facility license was suspended and clients were moved to other facilities. Unable to operate the facility, HCDS defaulted on its loan. OSHPD made payments from the Insurance Fund starting in 1995 until December 2000, when OSHPD accelerated the debt and repaid the outstanding bonds. In November 1997, OSHPD foreclosed and took title to the property. The facility was sold in 2001 to an unrelated corporation for \$3.3 million. Mortgage payments to OSHPD are being made.

Villa View. In 1984, OSHPD insured a \$6.9 million loan to Villa View Community Hospital, a 100-bed acute care hospital with psychiatric services in San Diego. The project was for refinancing a prior bond issue, remodeling the hospital, and acquiring new equipment.

As a result of operational problems, Villa View defaulted on its bond payments in August 1997. OSHPD foreclosed and sold the hospital and the original bonds were paid off. The new owner filed for bankruptcy and the facility was sold for a second time. The subsequent owners have had financial difficulties and they are delinquent with payments. As of November 1, 2004, they are trying to obtain new financing.

Third Floor. In 1991, OSHPD insured a loan totaling \$3.2 million to the Third Floor for the purchase of land and buildings for a residential substance abuse facility in Fresno.

In the mid-1990s, this program's federal funding was reduced. The project was unable to make mortgage payments from 1996-1998. In April 1998, OSHPD declared the loan to be defaulted and paid off the loan. The building was sold with partial repayment made to the Insurance Fund. The Third Floor continued its other operations and made regular payments to the Insurance Fund. In April 2001, the Third Floor obtained new financing and made a full repayment.

Hermanidad. In 1994, OSHPD insured a \$4,385,000 loan to Hermanidad Mexicana Nacional, Inc. to acquire, renovate, and purchase equipment for two primary care and dental clinic properties located in Los Angeles and North Hollywood.

Hermanidad failed to open the clinics and, as a result of a deteriorating financial condition, stopped making loan payments in 1998. Since December 1998, OSHPD has paid the semi-annual payments from the Insurance Fund. In May 1999, the East Los Angeles Health Task Force began operations in the Los Angeles clinic without making any debt service payments. OSHPD continues to work to find an acceptable solution that provides for debt service payment, while providing primary care services to the community.

Kazi House. In August 1991 and January 1992, OSHPD insured two loans totaling \$2.67 million to Kazi House for a 120-bed residential drug and alcohol facility in South Central Los Angeles.

After losing its contract with the Department of Corrections in 1994, Kazi House started experiencing low census. With OSHPD's support, Kazi tried developing new relationships with various entities that could provide assistance or potential referrals, but all efforts failed. In December 1999, OSHPD sent Kazi a Notice of Default and began making payments from the Insurance Fund. In March 2000, OSHPD discovered that Kazi had ceased operations and abandoned its facility. OSHPD commenced foreclosure. In December 2000,

OSHPD paid off the bondholders. OSHPD has hired an agent to market the property for sale.

Sierra Sunrise. In 1991, OSHPD insured a loan totaling \$15 million to Sierra Sunrise Senior Village to construct 130 units of independent living and 24 assisted living units in Chico. OSHPD also insured an additional debt of \$5.27 million in 1993 for the construction of a 90-bed skilled nursing facility adjacent to the prior units.

In March 2001, the owner, Walker Senior Housing Corporation VII, notified OSHPD that it intended to file bankruptcy unless OSHPD took over the facility. The Sierra Sunrise Board of Directors (**Board**) retained two different facility managers in an attempt to improve operations. The Board has also sought interested buyers for the property. After three years (as of June 30, 2004), there were several parties that had expressed interest and were in various stages of submitting purchase proposals. It is expected that at least one offer will result in a sales price substantially covering the amount of the outstanding debt.

Apple Valley. In 1990, OSHPD insured a loan totaling \$8.5 million to the Apple Valley Christian Centers for land acquisition and construction of a 99-bed skilled nursing facility (SNF) in the Town of Apple Valley. In May 2001, Apple Valley refinanced for \$9.5 million at lower interest rates.

In April 2002, Cal-Mortgage staff were informed that the professional liability insurance policy had been terminated in July 2001. This issue was eventually resolved. But the cash needs for resolving it resulted in monthly debt service payments being missed, starting in June 2002. Cal-Mortgage staff repeatedly requested plans of correction and were assured by management that the financial situation was being corrected. In June 2003, the Apple Valley Board of Directors and the management group resigned. New board members were appointed. A new Board of Directors approved a contract with a new management agent. During the last six months of FY 2003-04, operations improved. Census improved with an increase of Medicare patients. Net income for the quarter ending June 2004 was positive. Effective July 2004, Apple Valley committed to making monthly debt service payments.

Sunset Haven. In 1991, OSHPD insured a loan totaling \$6.2 million to Sunset Haven to build a 70-bed skilled nursing unit in Upland. In August 1997, the loan was refinanced and insured for \$6.3 million. Sunset Haven is a multi-level senior living facility.

Beginning in February 2002, Sunset Haven started missing monthly debt service payments to the Trustee. The Executive Director continuously assured Cal-Mortgage staff and the Trustee that monthly debt service payments would be made and that the financial situation was being corrected. In October 2003, Sunset Haven's Board hired a new management company. The new management group projected partial payments to outstanding creditors beginning in the first quarter of FY 2004-05, and interest payments to the Trustee.

OSHPD staff will continue to manage defaulted loans in order to minimize financial impact to the Program.

G. Partnership with Other State Agencies

Since projects insured by OSHPD often rely heavily on State, Federal, or local government funding, OSHPD coordinates its loan insurance activities within the program priorities of other State agencies.

OSHPD obtains letters from State and local departments that provide the principal source of funding to the applicant, documenting that the applicant's project is consistent with the program plans of the funding source.

OSHPD has regular meetings and discussions to review programmatic changes or issues with the licensing divisions and the reimbursement divisions of the Department of Health Services, the Department of Social Services, and the Department of Alcohol and Drug Programs.

Section II. Evaluation of the Program's Success in Meeting Its Mission

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

Without Cost to the State of California

The Program has operated since 1972, insuring over \$5 billion in loans to more than 400 healthcare facilities, many in rural and underserved areas of the State.

The Program is entirely self-supporting from its insurance premiums and related income. It has a current Insurance Fund cash balance of \$184 million. In the past 29 years, 13 defaults have occurred with all required payments coming from the Insurance Fund. The Program has operated without cost to the State General Fund.

According to the 2002 Actuarial Report, the Program is projected to remain solvent under normal operating conditions (without catastrophic losses) and operate without cost to the State through the forecast period of 2017.

To Meet the Need for Facilities

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

In order to reflect California's changing needs, the statutory definition of eligible "health facility" has been expanded over time. While originally focusing on hospitals (and those facilities that were necessary adjuncts to hospitals), California has recognized that some services, which traditionally were delivered in the hospital or other institutions, have become separate facilities. Today, many different facility types are eligible for loan insurance, such as community care facilities, primary care clinics, specialty care clinics, substance abuse treatment facilities, group homes, skilled nursing facilities, and "multi-level" facilities designed to prevent institutionalization of the elderly. (See **Exhibits 7, 8, 15, & 16.**)

OSHPD loan insurance activities continue to evolve to reflect California's changing health needs:

- The 2001 State Plan noted that the changing healthcare marketplace called for the Program to include projects that were financially stronger and able to obtain independent credit ratings. From FY 2001-02 through FY 2003-04, seven new projects with independent credit ratings or credit opinions were insured, representing \$279,470,000, or 21 percent of the total portfolio.
- As with the 1995 State Plan, the 2001 State Plan added emphasis to facilities with senior healthcare, such as multi-level facilities. From FY 2001-02 through FY 2003-04, six such projects were insured, representing \$322,535,000 in insured loans or 24 percent of the total portfolio.

This constant adaptation of OSHPD's review and project approval processes and the resulting increase in financially stronger borrowers and senior healthcare facilities reflect the continuing relevance of the Program to the healthcare market place.

Commitment to Mission

OSHPD and the Cal-Mortgage staff remain committed to continuing the careful management of the Program in order to benefit communities throughout California, at no cost to State taxpayers.

Section III. Overview of Trends in Healthcare

Many trends are affecting healthcare facilities. These trends also affect the operations of the Loan Insurance Program. OSHPD views the following issues as those which currently have significant impact on the Program:

- Access to healthcare for Californians.
- Growth in the number of older adults.
- Hospital implementation of seismic safety requirements.
- Financial solvency challenges.
- Opportunities for community-based programs.
- Strong governance and good management are still critical for success.

A. Access to Healthcare for Californians

Throughout California there are rural and urban areas and populations that are recognized as medically underserved. Factors contributing to these areas' healthcare needs not being met include poverty, lack of health insurance, shortages of healthcare personnel, and geographic barriers.

In 2000, the number of Californians without health insurance was 7 million. The uninsured, particularly those without coverage for more than a year, are less likely to receive care for chronic health problems that require frequent monitoring and have lower rates of disease screenings and preventive care.

The State recognizes the need for making healthcare more accessible for all Californians by supporting programs and services that specifically address the needs of these populations and areas. The State Budget, by targeting such issues as childhood immunizations and supporting access to primary care services for children through the Healthy Families Program, reflects California's commitment to all of its residents.

OSHPD's California Healthcare Workforce and Policy Commission (supported by the OSHPD Healthcare Workforce and Community Development Division staff) have collected data and developed a methodology that ranks the 541 urban, rural, and frontier medical service study areas in California relative to their need for primary care services. **Exhibit 18** is the most currently available map showing those areas of critical need throughout California. More than 5.7 million Californians reside in those areas of critical need. In addition, OSHPD, in cooperation with the federal government, identifies areas in the State that have a

shortage of healthcare professionals (primary care, mental, and dental). These areas are called "Health Professional Shortage Areas." **Exhibits 19, 20, and 21** are the most currently available maps of these areas throughout the State.

The maps are included in this report to illustrate the large number of areas identified with healthcare service needs. Although updated maps are not available, OSHPD's Healthcare Workforce and Community Development Division has current shortage area data. When a loan insurance application is received, Cal-Mortgage staff check with the Shortage Designation Program staff to see if the healthcare facility is located in a currently designated medically underserved area or health professional shortage area.

OSHPD, through the California Health Facilities Construction Loan Insurance Program, will continue to complement these efforts by insuring loans in areas where healthcare facilities are needed.

B. Growth in the Number of Older Adults

Although the State's population is relatively young, with only 1 in 10 Californians 65 or older, more seniors reside in California than in any other state. Between 2000 and 2020, the number of seniors living in California is expected to jump from 3.7 million to 6.6 million (Reference #1). In four decades, the number of older adults is expected to triple, to more than 10 million. Most of this growth is predicted to occur between 2010 and 2030 as baby boomers enter their retirement years (Reference #2).

During these same four decades, the number of the "oldest old" (those ages 85 and older) is likely to increase, perhaps as much as fourfold. This growth of the oldest old is likely to have great impact on health and support systems since the frail elderly need more health and support services.

Historically, the elderly have been cared for in institutional settings, such as nursing homes. California has more than 1400 nursing homes, 15 percent of which are not-for-profit. More than 100,000 Californians reside in skilled nursing facilities.

As California's population ages, the need for long-term care will expand. The pattern of long-term care will change as more options become available to address the desires of the state's older population to maintain their highest level of independence for as long as possible.

As the need for long-term care grows and the pattern of long-term care changes, there will be a need for additional skilled nursing facilities and more community-based health centers. These are opportunities where the Loan Insurance Program could benefit the borrowing organization.

C. Hospital Implementation of Seismic Safety Requirements

The Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983 established a set of seismic safety standards for hospital construction. Senate Bill 1953 (**SB 1953**), signed into law on September 2, 1994, requires that all acute care hospitals meet the minimum seismic standards established by this Act.

The legislation, for the first time, required existing hospital buildings to be retrofitted to meet seismic safety standards. All general acute care hospital buildings must meet minimum life safety requirements by 2008. Subsequently, by 2030 they must be in substantial compliance with the Seismic Safety Act. Recently, legislation was passed that allows extensions to the 2008 date to be granted by the Office of Statewide Health Planning and Development. The maximum length of these extensions is five years to 2013.

The Program is a financial resource to assist hospitals in borrowing funds at lower cost interest rates to undertake construction or retrofit projects for compliance with seismic safety requirements.

D. Financial Solvency Challenges

Many healthcare facilities in California continue to confront financial issues.

Since the early 1990s, payers have tried to maintain or reduce healthcare payments. While over the past four years, payments from Medicare, Medi-Cal, and health insurance plans have increased, large purchasers of healthcare services and health insurance plans continue to try to restrain increases in provider payments.

Operating issues continue to affect costs. The shortage of nurses (as well as other healthcare professionals) is creating inflationary pressure on staffing costs (wages, benefits, training costs, retention/recruitment bonuses, and temporary coverage expenses). Insurance coverage (workers' compensation, professional liability, and health) premium increases are impacting many healthcare facilities. Drugs that provide more effective therapy are more expensive than those previously used.

The combination of payment constraints and increasing costs is generally compressing operating margins and putting pressure on financial liquidity.

These financial circumstances present ongoing challenges for OSHPD. Loan insurance can only be approved for financially feasible projects and, thus, "at no cost to the State." OSHPD will need to continue to carefully evaluate loan insurance applications and to diligently monitor existing insured borrowers.

E. Opportunities for Community-Based Programs

Opportunities are evolving for new community-based residential healthcare facilities, specifically those for the developmentally disabled.

Approximately 167,000 children and adults are recognized as having a “developmental disability” by the State’s Department of Developmental Services (**DDS**). These children and adults have conditions that include cerebral palsy, mental retardation, epilepsy, and autism. Most people with a developmental disability - about 163,000 – live at home or in small, privately-run residential care facilities. These residential facilities and other community-based programs for the disabled are overseen by 21 private nonprofit agencies, called regional centers. The rest of the state’s population with developmental disabilities – about 3,800 people – lives in five State-run developmental centers (Reference #5).

A DDS goal is to increase the amount of licensed residential options available to individuals with developmental disabilities. OSHPD and DDS are exploring opportunities for OSHPD to provide loan insurance to nonprofit organizations that develop new residential facilities.

F. Strong Governance and Good Management Still Critical for Success

Management and governance remain the essential component for successful healthcare facilities.

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

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

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

The evaluation of an applicant for loan insurance involves, in general terms, three areas of assessment: capacity, collateral, and character. The assessment areas for financial capacity (ability to repay) and financial collateral have established objective measures for evaluating an applicant and the proposed project. Character (strong governance and good management) is intangible and requires subjective evaluation. While past successes are usually a good indicator, with the constantly changing healthcare environment, it is important that an assessment of character is also done during the application review. The Project Officer, Cal-Mortgage Division Management, and the Advisory Loan Insurance Committee collectively assess the borrower for governing board strength and management depth and skill.

Conclusion

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

OSHPD must monitor the changing business environment in which applicants operate in order to prudently approve insurance for those borrowers who provide needed healthcare services and can remain viable and competitive in this dynamic and challenging environment.

In an era with increasing demand for services coupled with payment constraints, increasing operating costs, and added building and technology requirements, the ability for healthcare facilities to access low cost capital remains an important component in OSHPD's vision of providing equitable healthcare accessibility for California.

Section IV. Overview of Changes in the Healthcare Loan Insurance and Debt Financing Industries (Markets)

Since the prior State Plan, the most significant change in healthcare debt financing and loan insurance, as it relates to the Loan Insurance Program, were the changes in the State's credit rating. Although for a short period of time, the State's credit rating was lowered to "BBB" on July 24, 2003 and revised upward to "A" on August 25, 2004. When the State's credit rating is lowered, interest rates for new Cal-Mortgage insured debt rise. The resulting impact is that a healthcare facility pays more interest costs, which makes a proposed project more expensive, and decreases the value of the Program's loan insurance.

The direct impact of this credit rating change on the Program appears to have been negligible. Cal-Mortgage staff are not aware of any projects that shifted to other credit enhancement options. Financial advisors (with the assistance of Cal-Mortgage staff) were able to supplement the State loan insurance with "wrap" insurance. "Wrap" insurance is additional insurance coverage from a commercial insurance company, which insures that the Program and the State will fulfill their loan insurance obligations. (See **Exhibit 22**.) The impact on a healthcare facility that borrowed or refinanced during this time with "wrap" insurance was a greater up-front loan insurance premium to achieve a lower interest rate.

In general, healthcare financing and loan insurance markets have been stable since July 1, 2001. One general economic trend that influenced the Program was the decline in interest rates. Some borrowers refinanced their debt and left the Program. (In FY 2001-02, one borrower refinanced and left; in FY 2002-03, nine borrowers did; in FY 2003-04, eight borrowers did; and in the first three months of FY 2004-05, nine borrowers did.) Other borrowers re-financed and kept loan insurance. (In FY 2002-03, two borrowers refinanced and kept loan insurance; and in FY 2003-04, five borrowers did.) Refinancings will slow if short-term and long-term interest rates increase.

A trend in healthcare financing with district hospitals is the greater use of tax initiatives (parcel taxes, sales tax enhancements, and general obligation bonds) to provide a steady source of revenue for capital projects. With these predictable revenue sources, the healthcare districts are able to enter into debt financings without credit enhancement (and thus not have a need for loan insurance).

Another trend in healthcare finances that will affect the underwriting efforts of the Loan Insurance Program is the observed growing separation between financially strong facilities and financially weak facilities; especially among nonprofit hospitals (Reference #3 and #4). If financially weak facilities continue to become weaker, when they need to undertake construction or replacement projects and apply for loan insurance, the challenge for Cal-Mortgage staff will be to have refined the Program's underwriting criteria so that only the facilities with the ability to survive and repay debt are identified and approved for loan insurance.

Section V. Guiding Principles

OSHPD has authority to insure up to \$3 billion in loans or an additional capacity of \$1.7 billion.

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

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

A. Guiding Principles of the Loan Insurance Program

- **Equitable Accessibility to Care.** The primary purpose of the Program is to assist in ensuring that needed healthcare facilities are available to provide equitable accessibility to healthcare for California. The Program should be available to assist needed facilities obtain financing, especially where financing alternatives are limited or non-existent. OSHPD believes this is an issue for projects in medically underserved areas, and for nonprofit or government providers who serve a disproportionate share of publicly sponsored or indigent patients.
- **Financial Feasibility.** The Program is required by Health & Safety Code Section 129005 to operate "without cost to the State." All projects must be able to service all debt, including their insured loan. When projects depend heavily on government programs for reimbursement, applicants should have strong support from the appropriate principal Federal, State or local agencies that administer programs supporting services provided by the applicant.
- **Community Need.** Applicants must provide a description of the community needs that the facility will meet and data to substantiate these needs. OSHPD staff evaluate feasibility information to determine if the facility is needed by the community to provide the specified services. Where there is significant competition among multiple providers for the same patient population, such competition can be an indicator that there is adequate service capacity available to the patient population.
- **Actuarial Stability.** OSHPD encourages applications from borrowers that have sufficient credit quality and applications for projects that, if approved, would improve the Program's actuarial stability.

- **Diversification of Portfolio.** OSHPD recognizes the need to provide for a reasonable balance among all types of healthcare facilities. It is also important to maintain geographic diversity with all regions of the state included in the portfolio.
- **Access to Capital.** OSHPD recognizes the particular problems faced by very small projects (generally those requiring less than \$5 million) and will work pro-actively with small applicants, the financial community, and other State agencies to help meet their needs for capital.
- **Adequate Collateral Security.** Applicants must provide collateral security to cover the insured loan. Projects insured by OSHPD must be built on land owned by the applicant or on land with a long-term lease.
- **Obligation to Provide Community Service.** Under existing law, Cal-Mortgage insured projects have a community service obligation. To be eligible for insurance, applicants are required to offer reasonable assurance that the services of the healthcare facility will be available to all persons residing or employed in the area served by the facility.
- **Program Exposure.** The Program should be managed and loan applications should be approved within the context that no one individual project should be so large that it makes the Program actuarially unsound and potentially jeopardizes the Program's ability to operate without State funds.

B. Guiding Principles for Applicants and Borrowers

An applicant is expected to make an equity contribution to the project. The applicant's equity should be from operating surpluses or donations. The contributed equity should be in any combination of real property, personal property, or cash.

If an applicant owes debt to a related corporation, the related corporation will be expected to agree that, in the event the borrower defaults in its loan payments insured by OSHPD, the debt to the related corporation will be forgiven.

Each applicant must certify that board members, officers, employees, or their families will not receive a direct benefit from the bond proceeds.

The healthcare facility is expected to be owned and operated by an existing nonprofit organization. A situation where an existing healthcare facility is being sold by a for-profit corporation to a nonprofit organization is generally inconsistent with program eligibility.

The construction phase of the project is expected to be scheduled to begin within an appropriate period from the close of the insured loan transaction.

A borrower's activities are expected to be complementary to the program policies of State, Federal, and local governmental agencies.

A borrower is expected to comply with the laws and regulations of the State, Federal, and local governments.

Section VI. Goals and Objectives: 2005 - 2007

A. Proposals to Ensure the Program Effectively Addresses the Healthcare Needs of Californians

1. Identify Priority Needs

In previous State Plans, OSHPD had identified priority needs to provide a framework for staff and the Advisory Loan Insurance Committee in reviewing new applications. For purposes of this State Plan, OSHPD has determined that the following types of projects are deemed to have high priority and will be encouraged (for profile of potential applications, see **Exhibit 6**):

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

2. Collaborate with Healthcare Associations

OSHPD's Cal-Mortgage staff will continue to work in collaboration with various healthcare associations to identify problems and evaluate options for healthcare facility financing throughout California.

3. Work Closely with Investment Bankers and Financial Consultants

OSHPD's Cal-Mortgage staff will increase its efforts to work closely with investment bankers and financial consultants in order to have Program requirements responsive to potential borrowers' needs, while maintaining appropriate security for the repayment of the loans.

From 1995 to 2000, OSHPD focused the Program to those borrowers that did not have other financing options. The current belief is that the Program can more effectively address the needs of all Californians if the Program insures loans to a greater diversity of credit ratings.

There are opportunities to implement programmatic changes that are responsive to a wider range of healthcare facilities. Revisions in the insurance premium structure, proposed revisions of covenants, and the introduction of variable rate bond financing arrangements will be further refined.

Our goal is twofold: to expand the availability of the Program to financially "stronger" borrowers, while remaining the primary loan insurer for essential healthcare facilities.

4. Work with Commercial Loan Insurance Companies to Provide a "Wrap" Insurance Alternative

OSHPD's Cal-Mortgage staff will continue to work closely with commercial loan insurance companies in order to maximize the Program's value to potential borrowers' needs and assure the Program's availability to meet healthcare needs of Californians.

Cal-Mortgage staff also will continue to develop relationships with commercial loan company representatives and revise legal documents to incorporate wrap-around loan insurance requirements, as appropriate.

B. Proposals to Reduce Program Risk

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

Presently, the portfolio consists substantially of non-investment grade credit-rated borrowers. Overall, increasing the proportion of investment grade borrowers would reduce Program risk, as the risk of default is estimated to be lower for investment grade credit rated organizations.

- To facilitate this goal, tiered discounts to the one-time, up-front insurance premium were implemented.
- OSHPD intends to examine the usefulness of creating covenant flexibility within the legal documents to recognize the differences between borrowers' financial strength.
- OSHPD also intends to consider the appropriate use of variable rate debt in conjunction with fixed rate debt.

The goal of revising the loan insurance premium schedule, the loan covenants, and the debt financing options is to create a better balance of borrower credit risk within the Portfolio and thus reduce the overall insurance risk in the Program.

Section VII. Public Comment

The Office of Statewide Health Planning and Development invited public comment on the Draft 2005 State Plan.

First, OSHPD solicited oral input via the public meeting of the Advisory Loan Insurance Committee (**ALIC**) on March 10, 2005. The ALIC members reviewed the Draft 2005 State Plan and made several suggestions to clarify text. These comments were included as revisions in the Draft 2005 State Plan before it was distributed for comment to borrowers and other interested parties.

Second, OSHPD requested written input from April 8, 2005, through May 20, 2005. Written notices (**Exhibit 23**) of the Draft 2005 State Plan were sent to 154 insured borrowers. Copies of the Draft 2005 State Plan were sent to those 18 borrowers who requested a copy. (25 borrowers requested a copy of the Final 2005 State Plan.) Additionally, written notices (**Exhibit 24**) with copies of the Draft 2005 State Plan were sent to 63 interested persons.

As of the date for finalizing the State Plan, three written comments had been received (**Exhibit 25**). OSHPD's response to these letters is contained in **Exhibit 26**.

OSHPD is pleased with the support it received on the 2005 State Plan from the Advisory Loan Insurance Committee and from those who sent comments.

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

2005 State Plan

References List

- #1 CAHSA (California Association of Homes and Services for the Aging), *Industry Facts Continuum of Care for the Elderly 2001*, page 2.
- #2 Lee, Ronald and Valentine Villa, "Population Aging in California," *CPRC Brief - Strategic Planning on Aging*, No. 2, May 2001, page 1 – 2, (California Policy Research Center).
- #3 Shattuck Hammond Partners, "The Financial Health of California's Hospitals," July 2001, chapter 9, page 8.
- #4 Standard & Poor's, "The California Health Care Market: Recent Strength Defies Expectations," June 2, 2004, page 14.
- #5 Wiegard, Steve, "A system divided: Inequities in treatment of disabled have put families at odds. The state seeks a solution.", *Sacramento Bee*, February 25, 2001.

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

2005 State Plan

List of Exhibits

Number	Type	Title / Topic
1.	Citation:	Health and Safety Code - Section 129020
2.	Summary Table:	Financial Status and Activity Report
3.	Summary Table:	Net Payouts for Defaulted Projects from Health Facility Construction Loan Insurance Fund
4.	Listing:	Insured Projects
5.	Summary Table:	Projects Insured Since the Prior State Plan
6.	Summary Table:	Number of Applications Pending and Pre-Applications by Facility Type
7.	Summary Table:	Number of Projects and Insured Risk by Facility Type
8.	Listing:	Insured Projects by Facility Type
9.	Summary Table:	Insured Projects by County
10.	Listing:	Insured Projects by County
11.	Listing:	Insured Projects by Size of Insured Loan Amount
12.	Graph:	Insured Risk
13.	Graph:	Number of Insured Loans
14.	Graph:	Cash Balance in Health Facility Construction Loan Insurance Fund (HFCLIF)
15.	Pie Chart Graphs:	Percentage of Types of Projects, by Total Number Insured
16.	Pie Chart Graphs:	Percentage of Types of Projects, by Total Amount Insured
17.	Pie Chart Graph:	Number of Insured Projects by Size of Insured Amount
18.	California Map:	Medically Underserved Areas (MUA) and Medically Underserved Populations
19.	California Map:	Primary Care Health Professional Shortage Areas
20.	California Map:	Mental Health Professional Shortage Areas
21.	California Map:	Dental Health Professional Shortage Areas
22.	Explanation:	Loan Insurance and "Wrap" Insurance
23.	Copy:	Sample Letter of General Notice with Copy Regarding Draft 2005 State Plan
24.	Copy:	Sample Letter of Notice to Insured Borrowers Regarding Draft 2005 State Plan
25.	Copies:	Written Comments Received Regarding Draft 2005 State Plan
26.		OSHPD Response to Written Comments

Health and Safety Code Section 129020

Requirement for State Plan

129020. The office shall implement the loan insurance program for the construction, improvement, and expansion of public and nonprofit corporation health facilities so that, in conjunction with all other existing facilities, the necessary physical facilities for furnishing adequate health facility services will be available to all the people of the state.

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

The health facility construction loan insurance program shall provide for health facility distribution throughout the state in a manner that will make all types of health facility services reasonably accessible to all persons in the state according to the state plan.

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

**California Health Facility Construction
Loan Insurance Program**

Financial Status and Activity Report

<u>Activity</u>	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>
Number of Insured Projects	182	177	171
<u>Insured Portfolio</u>			
Total Amount of Insured Loans	\$1,166,847,458	\$1,244,637,412	\$1,326,170,590
<u>Financial Status of Health Facility Construction Loan Insurance Program</u>			
HFCLIF cash balance	\$181,149,000	\$181,404,577	\$183,735,388
Obligations to Cal-Mortgage After Default - Payments to HFCLIF	53,064,210	61,823,876	\$64,424,480
Direct Obligations of Cal-Mortgage - Payments from HFCLIF	- 163,590,000	- 159,025,000	\$154,265,000
Fund Balance of Loan Insurance Program	<u>\$ 70,623,210</u>	<u>\$ 84,203,453</u>	<u>\$93,894,868</u>

Footnotes:

- Source: Cal-Mortgage Monthly Reports June 30, 2002, June 30, 2003, and June 30, 2004

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

**Net Payouts for Defaulted Projects from
Health Facility Construction Loan Insurance Fund**

Total Paid (or received) by Calendar Year

	Prior to	1992		\$0
		1992		\$4,584,603
		1993		\$0
		1994		\$409,000
		1995		\$4,936,940
		1996		\$15,420,236
		1997		\$23,285,174
		1998		\$13,096,583
		1999		\$(13,181,372) *
		2000		\$10,436,665
		2001		\$(9,731,113) *
		2002		\$11,765,805
		2003		\$13,041,770
		2004 (six months)		\$ 4,227,217
	Total			\$78,291,508

* Reimbursements to the Insurance Fund were greater than payments from the Insurance Fund

Office of Statewide Health Planning and Development
 Cal-Mortgage Loan Insurance Division

Insured Projects

(sorted by Borrower Name)

as of June 30, 2004

Borrower Name	Borrower City	Facility Type	Date Loan Insured	Original Insured Amount	Current Principal Balance
A R C - San Diego	San Diego	ICF-DD	7/23/1997	\$9,260,000	\$7,605,000
Advent Group Ministries	San Jose	GH-MD	2/28/1991	\$1,025,000	\$825,000
AIDS Healthcare Foundation	Los Angeles	HOSPICE	9/1/1992	\$5,855,000	\$4,125,000
AIDS Healthcare Foundation	Los Angeles	HOSPICE	4/17/2004	\$1,750,000	\$1,750,000
AIDS Healthcare Foundation	Los Angeles	HOSPICE	11/1/1994	\$3,300,000	\$2,835,000
Airport Marina Counseling Services	Westchester	CLINIC-MH	9/27/1995	\$735,000	\$585,000
Aldersly	San Rafael	MULTI-CCRC	9/26/2002	\$7,125,000	\$6,995,000
Aldersly	San Rafael	MULTI-CCRC	5/29/1991	\$2,000,000	\$1,600,000
Alliance for Community Care	San Jose	GH-MD	11/13/2003	\$10,500,000	\$10,500,000
AltaMed Health Services	Commerce	CLINIC-PC	4/28/2000	\$5,250,000	\$4,785,000
Apple Valley Christian Centers	Apple Valley	SNF	6/16/2003	\$500,000	\$172,250
Apple Valley Christian Centers	Apple Valley	SNF	5/24/2001	\$9,525,000	\$9,075,000
Ararat Home of Los Angeles	Mission Hills	MULTI-OTH	4/29/1998	\$6,460,000	\$5,385,000
Asian Community Skilled Nursing Facility	Sacramento	SNF	10/14/1992	\$3,160,000	\$2,265,000
Asian Health Services	Oakland	CLINIC-PC	11/21/1995	\$6,500,000	\$5,350,000
Beacon House	San Pedro	CDRF	12/8/1993	\$2,280,000	\$1,905,000
Becoming Independent	Santa Rosa	ADC-DD	1/21/2004	\$5,000,000	\$5,000,000
Becoming Independent	Santa Rosa	ADC-DD	2/29/1996	\$1,665,000	\$1,340,000
Behavioral Health Services	Gardena	CDRF	11/7/1996	\$10,845,000	\$8,935,000
Bi-Bett Corporation	Concord	CDRF	3/28/1991	\$1,400,000	\$550,000
Burt Center	San Francisco	GH-MD	6/19/2003	\$125,000	\$115,420
Burt Center	San Francisco	GH-MD	4/18/2001	\$3,200,000	\$3,080,000
California Autism Foundation	Richmond	GH-DD/MD	11/8/1995	\$4,700,000	\$3,835,000
California Odd Fellows Housing of Napa	Napa	MULTI-OTH	10/6/1993	\$18,995,000	\$16,225,000
Casa de las Campanas	San Diego	MULTI-CCRC	6/9/1998	\$45,340,000	\$37,105,000

Borrower Name	Borrower City	Facility Type	Date Loan Insured	Original Insured Amount	Current Principal Balance
Catholic Healthcare West	San Francisco	MULTI-OTH	3/17/1993	\$9,360,000	\$6,730,000
Center For Aids Research, Education & Services	Sacramento	CLINIC-AIDS	4/30/1998	\$3,330,000	\$2,835,000
Central Valley Indian Health	Clovis	CLINIC-PC	4/28/2000	\$1,055,000	\$955,000
Children's Institute International	Los Angeles	GH-MD	2/27/1992	\$5,635,000	\$4,670,000
Clare Foundation	Santa Monica	CDRF	4/29/2003	\$1,750,000	\$1,750,000
Clinica de Salud del Valle de Salinas	Salinas	CLINIC-PC	7/2/1992	\$1,450,000	\$1,220,000
Clinica de Salud del Valle de Salinas	Salinas	CLINIC-PC	7/26/1989	\$580,000	\$440,000
Clinicas de Salud del Pueblo	Brawley	CLINIC-PC	7/2/1992	\$1,720,000	\$1,445,000
Clinicas de Salud del Pueblo	Brawley	CLINIC-PC	6/26/1998	\$3,250,000	\$2,835,000
Clinicas del Camino Real	Ventura	CLINIC-PC	3/13/1990	\$2,800,000	\$2,195,000
Clinicas del Camino Real	Ventura	CLINIC-PC	5/24/1995	\$7,225,000	\$6,290,000
Clinicas del Camino Real	Ventura	CLINIC-PC	11/15/1993	\$550,000	\$465,000
Community Church Retirement Center	Mill Valley	MULTI-OTH	3/11/1997	\$6,115,000	\$5,075,000
Community Health Centers of the Central Coast	Nipomo	CLINIC-PC	7/17/1990	\$770,000	\$605,000
Community Health System	Bloomington	CLINIC-PC	8/30/2000	\$1,295,000	\$1,220,000
Community Medical Center	Stockton	CLINIC-PC	10/12/1994	\$3,050,000	\$2,655,000
Corcoran District Hospital	Corcoran	HOSP-DIST	7/23/1992	\$1,555,000	\$965,000
Corcoran District Hospital	Corcoran	HOSP-DIST	8/1/2001	\$800,000	\$623,016
Del Norte Clinics	Yuba City	CLINIC-PC	12/23/2003	\$8,795,000	\$8,795,000
Del Norte Clinics	Yuba City	CLINIC-PC	4/28/2000	\$1,105,000	\$1,000,000
Del Norte Clinics	Yuba City	CLINIC-PC	5/28/1993	\$1,285,000	\$1,065,000
Desarrollo Familiar	Richmond	CLINIC-MH	12/23/1986	\$150,000	\$100,000
Desert AIDS Project	Palm Springs	CLINIC-AIDS	4/26/2001	\$3,570,000	\$3,320,000
Drug Abuse Alternatives Center	Santa Rosa	CDRF	11/18/1993	\$1,825,000	\$1,545,000
Eastfield Ming Quong	San Jose	CLINIC-MH	3/11/1997	\$7,025,000	\$5,650,000
Eastfield Ming Quong	San Jose	CLINIC-MH	10/2/1992	\$1,040,000	\$875,000
Eden Hospital Health Services	Castro Valley	MULTI-OTH	7/23/1993	\$23,675,000	\$17,760,000
El Centro Regional Medical Center	El Centro	HOSP	4/26/2001	\$39,300,000	\$38,325,000
El Proyecto del Barrio	Arleta	CLINIC-PC	12/16/1997	\$4,575,000	\$4,035,000
El Proyecto del Barrio	Arleta	CLINIC-PC	12/4/1990	\$2,040,000	\$1,590,000

Borrower Name	Borrower City	Facility Type	Date Loan Insured	Original Insured Amount	Current Principal Balance
Elder Care Alliance of Union City	Union City	MULTI-OTH	6/8/2004	\$15,685,000	\$15,685,000
Escuela del Rio	Atascadero	ADC-DD	9/4/1991	\$190,000	\$125,000
Exceptional Children's Foundation	Culver City	GH-DD/MD	9/27/1995	\$2,990,000	\$2,365,000
Families First	Davis	GH-DD/MD	3/15/2000	\$17,600,000	\$16,515,000
Feedback Foundation	Anaheim	ADHC	12/1/1992	\$2,140,000	\$1,718,344
Fellowship Homes	Modesto	MULTI-OTH	8/27/1996	\$6,065,000	\$4,940,000
Gardner Family Health Network	San Jose	CLINIC-PC	8/30/1995	\$5,000,000	\$3,955,000
Gateway Center	Pacific Grove	GH-DD	5/11/1993	\$850,000	\$705,000
Golden Valley Health Centers	Merced	CLINIC-PC	1/28/1994	\$3,785,000	\$3,110,000
Golden Valley Health Centers	Merced	CLINIC-PC	10/30/1990	\$445,000	\$360,000
Henrietta Weill Memorial	Bakersfield	CLINIC-MH	10/14/1992	\$1,445,000	\$895,000
Henry Mayo Newhall Memorial Hospital	Valencia	HOSP	6/15/2003	\$7,000,000	\$7,000,000
Henry Mayo Newhall Memorial Hospital	Valencia	HOSP	2/21/2001	\$54,895,000	\$53,890,000
Henry Ohlhoff House	San Francisco	CDRF	9/14/1990	\$1,000,000	\$790,000
Hermandad Mexicana Nacional	Los Angeles	CLINIC-PC	1/6/1994	\$4,385,000	\$3,655,000
Hermandad Mexicana Nacional	Los Angeles	CLINIC-PC	4/25/2004	\$100,000	\$21,500
Home for Jewish Parents	Danville	MULTI-OTH	7/9/1997	\$12,555,000	\$10,905,000
Home for the Aged of the Protestant Episcopal Church	Alhambra	MULTI-CCRC	2/26/2002	\$90,000,000	\$89,750,000
HOPE Services	Santa Clara	ADC-DD	6/11/2002	\$5,845,000	\$5,575,000
Horizon Services	Hayward	CDRF	9/28/1992	\$1,140,000	\$960,000
Humboldt Open Door Clinic	Arcata	CLINIC-PC	4/28/2000	\$1,195,000	\$1,020,000
Innovative Health Care Services	Chico	ADHC	12/18/1990	\$540,000	\$400,000
Janus of Santa Cruz	Santa Cruz	CDRF	3/24/1993	\$1,000,000	\$810,000
Jeffrey Foundation	Los Angeles	CDC: DD	12/18/1992	\$305,000	\$250,000
John C. Fremont Healthcare District	Mariposa	HOSP-DIST	10/11/1994	\$5,840,000	\$5,065,000
Keiro Nursing Home	Los Angeles	SNF	3/10/1994	\$10,675,000	\$8,030,000
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	9/26/2003	\$17,770,000	\$17,770,000
Kern Valley Healthcare District	Mountain Mesa	HOSP-DIST	6/23/2000	\$2,000,000	\$1,044,757
Lifelong Medical Care	Berkeley	CLINIC-PC	12/14/1998	\$2,970,000	\$2,740,000
Lincoln Child Center	Oakland	GH-MD	11/23/1999	\$2,900,000	\$2,715,000

Borrower Name	Borrower City	Facility Type	Date Loan Insured	Original Insured Amount	Current Principal Balance
Lincoln Glen Manor for Senior Citizens	San Jose	MULTI-OTH	3/9/2000	\$7,500,000	\$7,085,000
Lodi Memorial Hospital Association	Lodi	HOSP	10/26/2000	\$12,570,000	\$9,310,000
Lompoc District Hospital	Lompoc	HOSP-DIST	9/23/1998	\$6,375,000	\$5,040,000
Los Angeles Centers For Alcohol & Drug Abuse	Santa Fe Springs	CDRF	1/29/1997	\$1,515,000	\$1,300,000
Lytton Gardens	Palo Alto	SNF	12/9/1999	\$16,355,000	\$16,285,000
Marshall Medical Center	Placerville	HOSP	10/6/1993	\$19,975,000	\$12,660,000
Marshall Medical Center	Placerville	HOSP	3/25/2004	\$30,000,000	\$30,000,000
Marshall Medical Center	Placerville	HOSP	3/25/2004	\$20,000,000	\$20,000,000
Marshall Medical Center	Placerville	HOSP	5/13/1998	\$28,030,000	\$24,490,000
Mayers Memorial Hospital District	Fall River Mills	HOSP-DIST	1/27/1994	\$9,220,000	\$6,540,000
Mendocino Coast Health Care District	Fort Bragg	HOSP-DIST	8/28/1996	\$4,030,000	\$3,225,000
Mental Health Systems	San Diego	GH-MD	12/30/1992	\$650,000	\$535,000
Mountain Valley	Dorris	CLINIC-PC	10/28/1992	\$1,000,000	\$835,000
Mountain Valley	Dorris	CLINIC-PC	3/24/1993	\$900,000	\$725,000
North County Health Services	San Marcos	CLINIC-PC	3/14/1996	\$5,500,000	\$4,575,000
North County Serenity House	Escondido	CDRF	1/28/2003	\$5,795,000	\$5,655,000
Northern California Retired Officers Community	Fairfield	MULTI-CCRC	12/19/2002	\$49,755,000	\$48,560,000
Odd Fellows Home of California	Saratoga	MULTI-OTH	1/7/2003	\$80,000,000	\$80,000,000
Odd Fellows Home of California	Saratoga	MULTI-OTH	10/14/1999	\$34,500,000	\$32,895,000
Olive Crest Treatment Center	Santa Ana	GH-MD	12/30/1992	\$2,280,000	\$1,884,429
Orange County A R C	Anaheim	ADC-DD	11/17/1999	\$4,500,000	\$4,130,000
Oroville Hospital	Oroville	HOSP	11/8/2000	\$2,500,000	\$2,267,635
Oroville Hospital	Oroville	HOSP	10/15/1997	\$27,670,000	\$22,580,000
Principles	Pasadena	CDRF	4/29/2003	\$2,040,000	\$2,040,000
Prototypes	Culver City	CDRF	6/23/1993	\$2,530,000	\$1,635,000
Prototypes	Culver City	CDRF	6/27/2001	\$4,195,000	\$3,990,000
Redlands Community Hospital	Redlands	HOSP	7/26/1990	\$3,997,148	\$1,721,268
Redlands Community Hospital	Redlands	HOSP	3/17/1987	\$37,620,000	\$1,870,000
Redwoods Rural Health Center	Redway	CLINIC-PC	3/13/1990	\$1,250,000	\$980,000
Redwoods Rural Health Center	Redway	CLINIC-PC	5/19/1999	\$200,000	\$197,812

Borrower Name	Borrower City	Facility Type	Date Loan Insured	Original Insured Amount	Current Principal Balance
Retirement Housing Foundation	Long Beach	MULTI-OTH	12/28/2000	\$19,375,000	\$18,375,000
Sacramento Medical Foundation	Sacramento	BB	5/6/1998	\$14,460,000	\$12,010,000
Salud Para La Gente	Watsonville	CLINIC-PC	4/28/2000	\$2,285,000	\$2,055,000
San Benito Health Foundation	Hollister	CLINIC-PC	11/28/1990	\$2,485,000	\$2,010,000
San Fernando Comm. Hospital - Mission Community	Panorama City	HOSP	12/11/2001	\$35,445,000	\$34,590,000
San Fernando Valley Community Mental Health Center	Van Nuys	ADHC	6/26/1998	\$3,700,000	\$3,090,000
Sanctuary Psychiatric Centers Of Santa Barbara	Santa Barbara	GH-MD	1/16/1991	\$810,000	\$640,000
SANSUM Santa Barbara Medical Foundation Clinic	Goleta	CLINIC: MULTI	5/1/2002	\$32,600,000	\$31,200,000
Santa Barbara Neighborhood Clinics	Isla Vista	CLINIC-PC	7/7/1988	\$450,000	\$330,000
Scott Street Senior Housing Complex	San Francisco	MULTI-OTH	6/18/1998	\$37,770,000	\$34,630,000
Seneca Residential and Day Treatment Center	San Leandro	GH-MD	7/13/1990	\$320,000	\$150,000
Sequoia Community Health	Fresno	CLINIC-PC	11/18/1993	\$2,430,000	\$2,060,000
Sequoia Community Health	Fresno	CLINIC-PC	4/28/2000	\$1,905,000	\$1,685,000
Sierra Sunrise Senior Village of Chico	Chico	MULTI-OTH	3/1/1991	\$15,000,000	\$11,925,000
Sierra Sunrise Senior Village of Chico	Chico	MULTI-OTH	11/17/1993	\$5,270,000	\$4,460,000
Sierra View Homes	Reedley	MULTI-OTH	12/18/1996	\$4,425,000	\$3,625,000
Social Model Recovery Systems	Covina	CDRF	6/27/2001	\$1,890,000	\$1,755,000
Social Model Recovery Systems	Covina	CDRF	3/19/1993	\$935,000	\$775,000
Social Science Services	Bloomington	CDRF	4/28/2000	\$1,970,000	\$1,785,000
Solheim Lutheran Home	Los Angeles	MULTI-CCRC	6/23/1994	\$8,230,000	\$6,195,000
Solvang Lutheran Home	Solvang	MULTI-CCRC	8/27/1996	\$5,210,000	\$4,095,000
Sonoma Valley Health Care District	Sonoma	HOSP-DIST	4/30/2004	\$7,540,000	\$7,540,000
South Bay Alcoholism Svcs.	Torrance	CDRF	3/24/1993	\$1,290,000	\$1,045,000
Southern Calif. Development Corp. of VOA	La Mesa	CDRF	1/11/1996	\$3,500,000	\$2,575,000
Southern California Alcohol & Drug Program	Downey	CDRF	12/30/1992	\$1,315,000	\$1,089,136
Southern California Alcohol & Drug Program	Downey	CDRF	5/30/2001	\$1,780,000	\$1,655,000
Southern California Alcohol & Drug Program	Downey	CDRF	12/18/1997	\$4,095,000	\$3,540,000
Southern California Alcohol & Drug Program	Downey	CDRF	6/11/1993	\$775,000	\$640,000
St. Luke Manor	Fortuna	SNF	12/10/1991	\$1,480,000	\$885,000
St. Luke's Hospital	San Francisco	HOSP	7/15/1997	\$9,815,000	\$7,085,000

Borrower Name	Borrower City	Facility Type	Date Loan Insured	Original Insured Amount	Current Principal Balance
St. Paul's Episcopal Home	San Diego	MULTI-OTH	9/13/1994	\$7,140,000	\$4,915,000
Sunny View Lutheran Home	Cupertino	MULTI-CCRC	2/25/1999	\$5,685,000	\$5,135,000
Sunny View Lutheran Home	Cupertino	MULTI-CCRC	9/17/1997	\$4,430,000	\$3,520,000
Sunset Haven	Upland	MULTI-OTH	9/30/2003	\$500,000	\$448,133
Sunset Haven	Upland	MULTI-OTH	8/28/1997	\$6,320,000	\$5,325,000
Tarzana Treatment Center	Tarzana	CDRF	12/9/1998	\$1,950,000	\$1,730,000
The HELP Group	Sherman Oaks	CLINIC-MH	5/25/2000	\$17,620,000	\$16,840,000
The HELP Group	Sherman Oaks	CLINIC-MH	5/22/1998	\$17,275,000	\$15,135,000
The Los Angeles Jewish Home for the Aging	Reseda	MULTI-OTH	12/17/2003	\$80,000,000	\$80,000,000
Thessalonika Family Services	Temecula	GH-DD/MD	12/19/1995	\$1,360,000	\$990,000
True to Life Children's Services	Sebastopol	GH-DD/MD	10/17/2000	\$2,400,000	\$2,290,000
True to Life Children's Services	Sebastopol	GH-DD/MD	9/17/1997	\$1,700,000	\$1,455,000
Tulare District Healthcare System	Tulare	HOSP-DIST	12/4/1998	\$12,920,000	\$11,105,000
United Health Center of the San Joaquin Valley	Parlier	CLINIC-PC	4/28/2000	\$950,000	\$860,000
Valley Health Team	San Joaquin	CLINIC-PC	3/13/1990	\$1,025,000	\$800,000
ValleyCare Health System	Pleasanton	HOSP	7/8/1993	\$11,660,000	\$8,780,000
ValleyCare Health System	Pleasanton	HOSP	7/22/1997	\$37,165,000	\$29,940,000
ValleyCare Health System	Pleasanton	HOSP	5/6/1992	\$8,500,000	\$4,925,000
ValleyCare Health System	Pleasanton	HOSP	6/25/2002	\$19,445,000	\$19,445,000
Verdugo Mental Health Center	Glendale	CLINIC-MH	12/16/1993	\$1,000,000	\$835,000
Victor Valley Community Hospital	Victorville	HOSP	8/1/2002	\$1,700,000	\$1,727,420
Victor Valley Community Hospital	Victorville	HOSP	5/26/2000	\$8,470,000	\$6,825,000
Victor Valley Community Hospital	Victorville	HOSP	10/28/1999	\$3,000,000	\$2,798,890
Walden House	San Francisco	CDRF	3/24/1992	\$8,800,000	\$7,140,000
Walden House	San Francisco	CDRF	6/27/2000	\$4,900,000	\$2,735,581
West Oakland Health Council	Oakland	CLINIC-PC	7/21/2003	\$2,225,000	\$2,225,000
Totals			171 Projects	\$1,510,627,148	\$1,326,170,590

Office of Statewide Health Planning and Development

Cal-Mortgage Loan Insurance Division

Projects Insured Since the Prior State Plan(Not Including Projects that are Lines of Credit)
(as of June 30, 2004)

Facility Name	Type of Facility	Location of Facility	Date Loan Closed	Insured Loan Amount
Fiscal Year 2001-02				
San Fernando Community Hospital - Mission Community	Hospital	Panorama City	12/11/01	35,445,000
Home for the Aged of the Protestant Episcopal Church	Multilevel	Aliso Viejo	02/26/02	90,000,000
Santa Barbara Medical Foundation	Clinic: Multi-Specialty	Goleta	05/01/02	32,600,000
HOPE Rehabilitation Services	Adult Day Care	San Jose	06/11/02	5,845,000
ValleyCare Medical Center	Hospital	Pleasanton	06/25/02	19,445,000
		Subtotal	5	\$183,335,000
Fiscal Year 2002-03				
Aldersly	Multi-Level: CCRC	San Rafael	09/25/02	7,125,000
Northern California Retired Officers Community	Multi-Level: CCRC	Fairfield	12/19/02	49,755,000
Saratoga Retirement Community	Multi-Level: CCRC	Saratoga	01/07/03	80,000,000
North County Serenity House	CDRF	Escondido	01/07/03	5,795,000
Clare Foundation	CDRF	Santa Monica	04/29/03	2,220,000
Principles	CDRF	Pasadena	04/29/03	2,090,000
Henry Mayo Newhall Memorial Hospital	Hospital	Valencia	06/15/03	7,000,000
		Subtotal	7	\$153,985,000
Fiscal Year 2003-04				
West Oakland Health Council	Clinic-PC	Alameda	07/21/03	2,225,000
Kern Valley Healthcare District	Hosp-District	Mountain Mesa	09/26/03	17,770,000
Alliance for Community Care	GH-MD	San Jose	11/13/03	10,500,000
The Los Angeles Jewish Home for the Aging	Multi-Level: Other	Reseda	12/17/2003	80,000,000
Del Norte Clinics	Primary Care Clinic	Yuba City	12/23/2003	8,795,000
Becoming Independent	Adult Day Care	Santa Rosa	1/21/2004	5,000,000
Marshall Hospital	Hospital	Placerville	3/25/2004	50,000,000
Sonoma Valley Health Care District	Hosp-District	Sonoma	04/30/04	7,540,000
Elder Care Alliance	Multi-Level: Other	Union City	6/8/2004	15,685,000
		Subtotal	9	\$197,515,000
		GRAND TOTAL	21	\$534,835,000

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

**Number of Applications Pending and Pre-Applications
by Facility Type**

As of June 30, 2004

Type of Facility	Number	Projected Loan Amount
Hospital	2	\$40,000,000
Clinic ⁽¹⁾	4	\$14,915,000
Multi-Level ⁽²⁾	3	\$86,650,000
SNF ⁽³⁾	1	\$8,865,000
CDRF ⁽⁴⁾		
Group Homes ⁽⁵⁾	1	\$1,015,000
Other ⁽⁶⁾	2	\$14,900,000
Total	13	\$166,345,000

- (1) Primary Care Clinics
- (2) Multi-level facilities that include residential units for the elderly, coupled with a skilled nursing facility, an intermediate care facility, or a general acute care hospital.
- (3) Skilled Nursing Facility and Intermediate Care Facility. Some skilled nursing facilities may actually be part of multi-level facility, but Cal-Mortgage / OSHPD is only asked to insure the skilled nursing facility portion.
- (4) Chemical Dependency Recovery Facility, Adult Drug Abuse Treatment Facility, Alcohol Recovery Facility, Alcohol Free Living Centers, and Substance Abuse Recovery Facility.
- (5) Group Homes include group homes for the developmentally disabled, community care facilities for the developmentally disabled, group homes for the developmentally disabled and mentally disabled or emotionally disturbed (provides residential care), group homes for the mentally disabled or emotionally disturbed (provides residential care), community care facility – group home (provides residential care).
- (6) Other includes adult day care for the developmentally disabled, adult day health care, blood banks, birthing centers, AIDS clinics, dialysis clinics, mental health clinics, community mental health clinics, hospices, and intermediate care facilities for the developmentally disabled.

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

Number of Projects and Insured Risk by Facility Type

As of June 30, 2004

Type of Facility	Number	Current Loan Amount
Hospital	31	\$399,147,986
Clinic ⁽¹⁾	38	\$81,144,312
Multi-Level ⁽²⁾	29	\$569,343,133
SNF ⁽³⁾	6	\$44,317,250
CDRF ⁽⁴⁾	25	\$58,329,717
Group Homes ⁽⁵⁾	17	\$53,269,849
Other ⁽⁶⁾	25	\$120,618,344
Total	171	\$1,326,170,590

- (1) Primary Care Clinics
- (2) Multi-level facilities that include residential units for the elderly, coupled with a skilled nursing facility, an intermediate care facility, or a general acute care hospital.
- (3) Skilled Nursing Facility and Intermediate Care Facility. Some skilled nursing facilities may actually be part of multi-level facility, but Cal-Mortgage / OSHPD is only asked to insure the skilled nursing facility portion.
- (4) Chemical Dependency Recovery Facility, Adult Drug Abuse Treatment Facility, Alcohol Recovery Facility, Alcohol Free Living Centers, and Substance Abuse Recovery Facility.
- (5) Group Homes include group homes for the developmentally disabled, community care facilities for the developmentally disabled, group homes for the developmentally disabled and mentally disabled or emotionally disturbed (provides residential care), group homes for the mentally disabled or emotionally disturbed (provides residential care), community care facility – group home (provides residential care).
- (6) Other includes adult day care for the developmentally disabled, adult day health care, blood banks, birthing centers, AIDS clinics, dialysis clinics, mental health clinics, community mental health clinics, hospices, and intermediate care facilities for the developmentally disabled.

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

Insured Projects by Facility Type

as of June 30, 2004

Facility Type	Borrower Name	Project Name (if different)	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance
ADC-DD	Becoming Independent		Santa Rosa	1/21/2004	\$5,000,000	\$5,000,000
ADC-DD	Becoming Independent		Santa Rosa	2/29/1996	\$1,665,000	\$1,340,000
ADC-DD	Escuela del Rio		Atascadero	9/4/1991	\$190,000	\$125,000
ADC-DD	HOPE Services		Santa Clara	6/11/2002	\$5,845,000	\$5,575,000
ADC-DD	Orange County A R C		Anaheim	11/17/1999	\$4,500,000	\$4,130,000
Total	Adult Day Care: Developmentally Disabled			5	\$17,200,000	\$16,170,000
ADHC	Feedback Foundation		Anaheim	12/1/1992	\$2,140,000	\$1,718,344
ADHC	Innovative Health Care Services	Peg Taylor Center	Chico	12/18/1990	\$540,000	\$400,000
ADHC	San Fernando Valley Comm. Mental Health Ctr		Van Nuys	6/26/1998	\$3,700,000	\$3,090,000
Total	Adult Day Health Care			3	\$6,380,000	\$5,208,344
BB	Sacramento Medical Foundation		Sacramento	5/6/1998	\$14,460,000	\$12,010,000
Total	Blood Banks			1	\$14,460,000	\$12,010,000
CDC: DD	Jeffrey Foundation		Los Angeles	12/18/1992	\$305,000	\$250,000
Total	Child Day Care: Developmentally Disabled			1	\$305,000	\$250,000
CDRF	Beacon House		San Pedro	12/8/1993	\$2,280,000	\$1,905,000
CDRF	Behavioral Health Services		Gardena	11/7/1996	\$10,845,000	\$8,935,000
CDRF	Bi-Bett Corporation		Concord	3/28/1991	\$1,400,000	\$550,000
CDRF	Clare Foundation		Santa Monica	4/29/2003	\$1,750,000	\$1,750,000
CDRF	Drug Abuse Alternatives Center		Santa Rosa	11/18/1993	\$1,825,000	\$1,545,000
CDRF	Henry Ohlhoff House		San Francisco	9/14/1990	\$1,000,000	\$790,000
CDRF	Horizon Services		Hayward	9/28/1992	\$1,140,000	\$960,000
CDRF	Janus of Santa Cruz		Santa Cruz	3/24/1993	\$1,000,000	\$810,000
CDRF	Los Angeles Center for Alcohol & Drug Abuse		Santa Fe Springs	1/29/1997	\$1,515,000	\$1,300,000
CDRF	North County Serenity House		Escondido	1/28/2003	\$5,795,000	\$5,655,000
CDRF	Principles		Pasadena	4/29/2003	\$2,040,000	\$2,040,000
CDRF	Prototypes		Culver City	6/23/1993	\$2,530,000	\$1,635,000
CDRF	Prototypes		Culver City	6/27/2001	\$4,195,000	\$3,990,000

Facility Type	Borrower Name	Project Name (if different)	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance
CDRF	Social Model Recovery Systems		Covina	6/27/2001	\$1,890,000	\$1,755,000
CDRF	Social Model Recovery Systems		Covina	3/19/1993	\$935,000	\$775,000
CDRF	Social Science Services		Bloomington	4/28/2000	\$1,970,000	\$1,785,000
CDRF	South Bay Alcoholism Svcs.		Torrance	3/24/1993	\$1,290,000	\$1,045,000
CDRF	Southern Calif. Development Corp. of V O A		La Mesa	1/11/1996	\$3,500,000	\$2,575,000
CDRF	Southern California Alcohol & Drug Program	Heritage House	Downey	12/30/1992	\$1,315,000	\$1,089,136
CDRF	Southern California Alcohol & Drug Program		Downey	5/30/2001	\$1,780,000	\$1,655,000
CDRF	Southern California Alcohol & Drug Program		Downey	12/18/1997	\$4,095,000	\$3,540,000
CDRF	Southern California Alcohol & Drug Program		Downey	6/11/1993	\$775,000	\$640,000
CDRF	Tarzana Treatment Center		Tarzana	12/9/1998	\$1,950,000	\$1,730,000
CDRF	Walden House		San Francisco	3/24/1992	\$8,800,000	\$7,140,000
CDRF	Walden House	Walden House - LOC	San Francisco	6/27/2000	\$4,900,000	\$2,735,581
Total	Chemical Dependency Recovery Facility			25	\$70,515,000	\$58,329,717
CLINIC-AIDS	Center for AIDS Research, Education & Services		Sacramento	4/30/1998	\$3,330,000	\$2,835,000
CLINIC-AIDS	Desert AIDS Project		Palm Springs	4/26/2001	\$3,570,000	\$3,320,000
Total	Clinic: A.I.D.S.			2	\$6,900,000	\$6,155,000
CLINIC-MH	Airport Marina Counseling Services		Westchester	9/27/1995	\$735,000	\$585,000
CLINIC-MH	Desarrollo Familiar		Richmond	12/23/1986	\$150,000	\$100,000
CLINIC-MH	Eastfield Ming Quong		San Jose	3/11/1997	\$7,025,000	\$5,650,000
CLINIC-MH	Eastfield Ming Quong	Giarretto Institute	San Jose	10/2/1992	\$1,040,000	\$875,000
CLINIC-MH	Henrietta Weill Memorial		Bakersfield	10/14/1992	\$1,445,000	\$895,000
CLINIC-MH	The HELP Group		Sherman Oaks	5/25/2000	\$17,620,000	\$16,840,000
CLINIC-MH	The HELP Group		Sherman Oaks	5/22/1998	\$17,275,000	\$15,135,000
CLINIC-MH	Verdugo Mental Health Center		Glendale	12/16/1993	\$1,000,000	\$835,000
Total	Clinic: Mental Health			8	\$46,290,000	\$40,915,000
CLINIC-MULTI	SANSUM Santa Barbara Medical Foundation Clinic		Goleta	5/1/2002	\$32,600,000	\$31,200,000
Total	Clinic: Multi-Specialty and Diagnostic Services			1	\$32,600,000	\$31,200,000
CLINIC-PC	AltaMed Health Services		Commerce	4/28/2000	\$5,250,000	\$4,785,000
CLINIC-PC	Asian Health Services		Oakland	11/21/1995	\$6,500,000	\$5,350,000
CLINIC-PC	Central Valley Indian Health		Clovis	4/28/2000	\$1,055,000	\$955,000
CLINIC-PC	Clinica de Salud del Valle de Salinas	Clinica Popular	Salinas	7/2/1992	\$1,450,000	\$1,220,000

Facility Type	Borrower Name	Project Name (if different)	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance
CLINIC-PC	Clinica de Salud del Valle de Salinas		Salinas	7/26/1989	\$580,000	\$440,000
CLINIC-PC	Clinicas de Salud del Pueblo		Brawley	7/2/1992	\$1,720,000	\$1,445,000
CLINIC-PC	Clinicas de Salud del Pueblo		Brawley	6/26/1998	\$3,250,000	\$2,835,000
CLINIC-PC	Clinicas del Camino Real		Ventura	3/13/1990	\$2,800,000	\$2,195,000
CLINIC-PC	Clinicas del Camino Real	Saticoy Health Center	Ventura	5/24/1995	\$7,225,000	\$6,290,000
CLINIC-PC	Clinicas del Camino Real		Ventura	11/15/1993	\$550,000	\$465,000
CLINIC-PC	Community Health Centers of the Central Coast		Nipomo	7/17/1990	\$770,000	\$605,000
CLINIC-PC	Community Health System		Bloomington	8/30/2000	\$1,295,000	\$1,220,000
CLINIC-PC	Community Medical Center		Stockton	10/12/1994	\$3,050,000	\$2,655,000
CLINIC-PC	Del Norte Clinics	Chico, Gridley, & Oroville	Yuba City	12/23/2003	\$8,795,000	\$8,795,000
CLINIC-PC	Del Norte Clinics	Orland Clinic	Yuba City	4/28/2000	\$1,105,000	\$1,000,000
CLINIC-PC	Del Norte Clinics	Lindhurst Clinic	Yuba City	5/28/1993	\$1,285,000	\$1,065,000
CLINIC-PC	El Proyecto del Barrio		Arleta	12/16/1997	\$4,575,000	\$4,035,000
CLINIC-PC	El Proyecto del Barrio		Arleta	12/4/1990	\$2,040,000	\$1,590,000
CLINIC-PC	Gardner Family Health Network		San Jose	8/30/1995	\$5,000,000	\$3,955,000
CLINIC-PC	Golden Valley Health Centers	Childs Avenue Clinic	Merced	1/28/1994	\$3,785,000	\$3,110,000
CLINIC-PC	Golden Valley Health Centers	W. Modesto Med. Clinic	Merced	10/30/1990	\$445,000	\$360,000
CLINIC-PC	Hermandad Mexicana Nacional		Los Angeles	1/6/1994	\$4,385,000	\$3,655,000
CLINIC-PC	Hermandad Mexicana Nacional		Los Angeles	4/25/2004	\$100,000	\$21,500
CLINIC-PC	Humboldt Open Door Clinic		Arcata	4/28/2000	\$1,195,000	\$1,020,000
CLINIC-PC	Lifelong Medical Care	Over 60 Health Clinic	Berkeley	12/14/1998	\$2,970,000	\$2,740,000
CLINIC-PC	Mountain Valley		Dorris	10/28/1992	\$1,000,000	\$835,000
CLINIC-PC	Mountain Valley		Dorris	3/24/1993	\$900,000	\$725,000
CLINIC-PC	North County Health Services	San Marcos Health Clinic	San Marcos	3/14/1996	\$5,500,000	\$4,575,000
CLINIC-PC	Redwoods Rural Health Center		Redway	3/13/1990	\$1,250,000	\$980,000
CLINIC-PC	Redwoods Rural Health Center	RRHC - LOC	Redway	5/19/1999	\$200,000	\$197,812
CLINIC-PC	Salud Para La Gente		Watsonville	4/28/2000	\$2,285,000	\$2,055,000
CLINIC-PC	San Benito Health Foundation		Hollister	11/28/1990	\$2,485,000	\$2,010,000
CLINIC-PC	Santa Barbara Neighborhood Clinics		Isla Vista	7/7/1988	\$450,000	\$330,000
CLINIC-PC	Sequoia Community Health		Fresno	11/18/1993	\$2,430,000	\$2,060,000
CLINIC-PC	Sequoia Community Health		Fresno	4/28/2000	\$1,905,000	\$1,685,000
CLINIC-PC	United Health Center of the San Joaquin Valley		Parlier	4/28/2000	\$950,000	\$860,000
CLINIC-PC	Valley Health Team		San Joaquin	3/13/1990	\$1,025,000	\$800,000
CLINIC-PC	West Oakland Health Council		Oakland	7/21/2003	\$2,225,000	\$2,225,000
Total	Clinic: Primary Care			38	\$93,780,000	\$81,144,312

Facility Type	Borrower Name	Project Name (if different)	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance
GH-DD	Gateway Center		Pacific Grove	5/11/1993	\$850,000	\$705,000
Total	Group Home: Developmentally Disabled			1	\$850,000	\$705,000
GH-DD/MD	California Autism Foundation		Richmond	11/8/1995	\$4,700,000	\$3,835,000
GH-DD/MD	Exceptional Children's Foundation		Culver City	9/27/1995	\$2,990,000	\$2,365,000
GH-DD/MD	Families First		Davis	3/15/2000	\$17,600,000	\$16,515,000
GH-DD/MD	Thessalonika Family Services		Temecula	12/19/1995	\$1,360,000	\$990,000
GH-DD/MD	True to Life Children's Services		Sebastopol	10/17/2000	\$2,400,000	\$2,290,000
GH-DD/MD	True to Life Children's Services		Sebastopol	9/17/1997	\$1,700,000	\$1,455,000
Total	Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed			6	\$30,750,000	\$27,450,000
GH-MD	Advent Group Ministries		San Jose	2/28/1991	\$1,025,000	\$825,000
GH-MD	Alliance for Community Care		San Jose	11/13/2003	\$10,500,000	\$10,500,000
GH-MD	Burt Center		San Francisco	6/19/2003	\$125,000	\$115,420
GH-MD	Burt Center		San Francisco	4/18/2001	\$3,200,000	\$3,080,000
GH-MD	Children's Institute International		Los Angeles	2/27/1992	\$5,635,000	\$4,670,000
GH-MD	Lincoln Child Center		Oakland	11/23/1999	\$2,900,000	\$2,715,000
GH-MD	Mental Health Systems		San Diego	12/30/1992	\$650,000	\$535,000
GH-MD	Olive Crest Treatment Center		Santa Ana	12/30/1992	\$2,280,000	\$1,884,429
GH-MD	Sanctuary Psychiatric Centers of Santa Barbara		Santa Barbara	1/16/1991	\$810,000	\$640,000
GH-MD	Seneca Residential and Day Treatment Center		San Leandro	7/13/1990	\$320,000	\$150,000
Total	Group Home: Mentally Disabled or Emotionally Disturbed			10	\$27,445,000	\$25,114,849
HOSP	El Centro Regional Medical Center		El Centro	4/26/2001	\$39,300,000	\$38,325,000
HOSP	Henry Mayo Newhall Memorial Hospital		Valencia	6/15/2003	\$7,000,000	\$7,000,000
HOSP	Henry Mayo Newhall Memorial Hospital		Valencia	2/21/2001	\$54,895,000	\$53,890,000
HOSP	Lodi Memorial Hospital Association		Lodi	10/26/2000	\$12,570,000	\$9,310,000
HOSP	Marshall Medical Center		Placerville	10/6/1993	\$19,975,000	\$12,660,000
HOSP	Marshall Medical Center		Placerville	3/25/2004	\$30,000,000	\$30,000,000
HOSP	Marshall Medical Center		Placerville	3/25/2004	\$20,000,000	\$20,000,000
HOSP	Marshall Medical Center		Placerville	5/13/1998	\$28,030,000	\$24,490,000
HOSP	Oroville Hospital	Oroville Hospital - LOC	Oroville	11/8/2000	\$2,500,000	\$2,267,635
HOSP	Oroville Hospital		Oroville	10/15/1997	\$27,670,000	\$22,580,000

Facility Type	Borrower Name	Project Name (if different)	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance
HOSP	Redlands Community Hospital		Redlands	7/26/1990	\$3,997,148	\$1,721,268
HOSP	Redlands Community Hospital		Redlands	3/17/1987	\$37,620,000	\$1,870,000
HOSP	San Fernando Community Hospital	Mission Comm. Hospital	Panorama City	12/11/2001	\$35,445,000	\$34,590,000
HOSP	St. Luke's Hospital		San Francisco	7/15/1997	\$9,815,000	\$7,085,000
HOSP	ValleyCare Health System	ValleyCare Medical Center	Pleasanton	7/8/1993	\$11,660,000	\$8,780,000
HOSP	ValleyCare Health System	Valley Memorial Hospital	Pleasanton	7/22/1997	\$37,165,000	\$29,940,000
HOSP	ValleyCare Health System	ValleyCare Medical Center	Pleasanton	5/6/1992	\$8,500,000	\$4,925,000
HOSP	ValleyCare Health System	ValleyCare Medical Center	Pleasanton	6/25/2002	\$19,445,000	\$19,445,000
HOSP	Victor Valley Community Hospital	VVCH - LOC	Victorville	8/1/2002	\$1,700,000	\$1,727,420
HOSP	Victor Valley Community Hospital		Victorville	5/26/2000	\$8,470,000	\$6,825,000
HOSP	Victor Valley Community Hospital	VVCH - LOC	Victorville	10/28/1999	\$3,000,000	\$2,798,890
Total	Hospital: General Acute Care			21	\$418,757,148	\$340,230,213
HOSP-DIST	Corcoran District Hospital		Corcoran	7/23/1992	\$1,555,000	\$965,000
HOSP-DIST	Corcoran District Hospital	CDH - LOC	Corcoran	8/1/2001	\$800,000	\$623,016
HOSP-DIST	John C. Fremont Healthcare District		Mariposa	10/11/1994	\$5,840,000	\$5,065,000
HOSP-DIST	Kern Valley Healthcare District		Mountain Mesa	9/26/2003	\$17,770,000	\$17,770,000
HOSP-DIST	Kern Valley Healthcare District	KVHD - LOC	Mountain Mesa	6/23/2000	\$2,000,000	\$1,044,757
HOSP-DIST	Lompoc District Hospital		Lompoc	9/23/1998	\$6,375,000	\$5,040,000
HOSP-DIST	Mayers Memorial Hospital District		Fall River Mills	1/27/1994	\$9,220,000	\$6,540,000
HOSP-DIST	Mendocino Coast Health Care District		Fort Bragg	8/28/1996	\$4,030,000	\$3,225,000
HOSP-DIST	Sonoma Valley Health Care District		Sonoma	4/30/2004	\$7,540,000	\$7,540,000
HOSP-DIST	Tulare District Healthcare System		Tulare	12/4/1998	\$12,920,000	\$11,105,000
Total	Hospital: District			10	\$68,050,000	\$58,917,773
HOSPICE	AIDS Healthcare Foundation		Los Angeles	9/1/1992	\$5,855,000	\$4,125,000
HOSPICE	AIDS Healthcare Foundation	A.I.D.S. Foundation - LOC	Los Angeles	4/17/2004	\$1,750,000	\$1,750,000
HOSPICE	AIDS Healthcare Foundation		Los Angeles	11/1/1994	\$3,300,000	\$2,835,000
Total	HOSPICE			3	\$10,905,000	\$8,710,000
ICF-DD	A R C - San Diego		San Diego	7/23/1997	\$9,260,000	\$7,605,000
Total	Intermediate Care Facility: Developmentally Disabled			1	\$9,260,000	\$7,605,000

Facility Type	Borrower Name	Project Name (if different)	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance
MULTI-CCRC	Aldersly		San Rafael	9/26/2002	\$7,125,000	\$6,995,000
MULTI-CCRC	Aldersly		San Rafael	5/29/1991	\$2,000,000	\$1,600,000
MULTI-CCRC	Casa de las Campanas		San Diego	6/9/1998	\$45,340,000	\$37,105,000
MULTI-CCRC	Home for the Aged of the Episcopal Church	The Covington	Alhambra	2/26/2002	\$90,000,000	\$89,750,000
MULTI-CCRC	Northern California Retired Officers Community	Paradise Valley Estates	Fairfield	12/19/2002	\$49,755,000	\$48,560,000
MULTI-CCRC	Solheim Lutheran Home		Los Angeles	6/23/1994	\$8,230,000	\$6,195,000
MULTI-CCRC	Solvang Lutheran Home		Solvang	8/27/1996	\$5,210,000	\$4,095,000
MULTI-CCRC	Sunny View Lutheran Home		Cupertino	2/25/1999	\$5,685,000	\$5,135,000
MULTI-CCRC	Sunny View Lutheran Home		Cupertino	9/17/1997	\$4,430,000	\$3,520,000
Total	Multi-level Facility: CCRC			9	\$217,775,000	\$202,955,000
MULTI-OTH	Ararat Home of Los Angeles		Mission Hills	4/29/1998	\$6,460,000	\$5,385,000
MULTI-OTH	California Odd Fellows Housing of Napa	The Meadows of Napa	Napa	10/6/1993	\$18,995,000	\$16,225,000
MULTI-OTH	Catholic Healthcare West	Mercy McMahon Terrace	San Francisco	3/17/1993	\$9,360,000	\$6,730,000
MULTI-OTH	Community Church Retirement Center	The Redwoods	Mill Valley	3/11/1997	\$6,115,000	\$5,075,000
MULTI-OTH	Eden Hospital Health Services		Castro Valley	7/23/1993	\$23,675,000	\$17,760,000
MULTI-OTH	Elder Care Alliance of Union City		Union City	6/8/2004	\$15,685,000	\$15,685,000
MULTI-OTH	Fellowship Homes	Casa Modesto	Modesto	8/27/1996	\$6,065,000	\$4,940,000
MULTI-OTH	Home for Jewish Parents		Danville	7/9/1997	\$12,555,000	\$10,905,000
MULTI-OTH	Lincoln Glen Manor for Senior Citizens		San Jose	3/9/2000	\$7,500,000	\$7,085,000
MULTI-OTH	Odd Fellows Home of California	Saratoga Retirement Ctr	Saratoga	1/7/2003	\$80,000,000	\$80,000,000
MULTI-OTH	Odd Fellows Home of California	Saratoga Retirement Ctr	Saratoga	10/14/1999	\$34,500,000	\$32,895,000
MULTI-OTH	Retirement Housing Foundation		Long Beach	12/28/2000	\$19,375,000	\$18,375,000
MULTI-OTH	Scott Street Senior Housing Complex		San Francisco	6/18/1998	\$37,770,000	\$34,630,000
MULTI-OTH	Sierra Sunrise Senior Village of Chico		Chico	3/1/1991	\$15,000,000	\$11,925,000
MULTI-OTH	Sierra Sunrise Senior Village of Chico		Chico	11/17/1993	\$5,270,000	\$4,460,000
MULTI-OTH	Sierra View Homes		Reedley	12/18/1996	\$4,425,000	\$3,625,000
MULTI-OTH	St. Paul's Episcopal Home		San Diego	9/13/1994	\$7,140,000	\$4,915,000
MULTI-OTH	Sunset Haven	Sunset Haven - LOC	Upland	9/30/2003	\$500,000	\$448,133
MULTI-OTH	Sunset Haven		Upland	8/28/1997	\$6,320,000	\$5,325,000
MULTI-OTH	The Los Angeles Jewish Home for the Aging		Reseda	12/17/2003	\$80,000,000	\$80,000,000
Total	Multi-level Facility: Other (Month-to-Month)			20	\$390,250,000	\$366,388,133

Facility Type	Borrower Name	Project Name (if different)	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance
SNF	Apple Valley Christian Centers	Apple Valley - LOC	Apple Valley	6/16/2003	\$500,000	\$172,250
SNF	Apple Valley Christian Centers	Apple Valley Retirement	Apple Valley	5/24/2001	\$9,525,000	\$9,075,000
SNF	Asian Community Skilled Nursing Facility		Sacramento	10/14/1992	\$3,160,000	\$2,265,000
SNF	Keiro Nursing Home		Los Angeles	3/10/1994	\$10,675,000	\$8,030,000
SNF	Lytton Gardens		Palo Alto	12/9/1999	\$16,355,000	\$16,285,000
SNF	St. Luke Manor		Fortuna	12/10/1991	\$1,480,000	\$885,000
Total	Skilled Nursing Facility: Stand Alone			6	\$41,695,000	\$36,712,250

- ADC: DD - Adult Day Care: Developmentally Disabled
- ADHC - Adult Day Health Care
- BB - Blood Banks
- CDRF - Chemical Dependency Recovery Facility
- CDC: DD - Child Day Care: Developmentally Disabled
- Clinic: AIDS - Clinic: AIDS
- 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 - Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed
- GH: MD - Group Home: Mentally Disabled or Emotionally Disturbed
- Hosp: Dist - Hospital: District
- Hosp - Hospital: General Acute Care
- ICF: DD - Intermediate Care Facility: Developmentally Disabled
- Multi: CCRC - Multi-level Facility: Continuing Care Retirement Center
- Multi: Other - Multi-level Facility: Other (Month-to-Month)
- SNF - Skilled Nursing Facility: Stand Alone

Office of Statewide Health Planning and Development
 Cal-Mortgage Loan Insurance Division
Insured Projects by County

as of June 30, 2004

County	Number of Projects	Original Principal Balance	Current Principal Balance
Alameda	12	\$132,185,000	\$110,675,000
Butte	6	\$59,775,000	\$50,427,635
Contra Costa	4	\$18,805,000	\$15,390,000
El Dorado	4	\$98,005,000	\$87,150,000
Fresno	6	\$11,790,000	\$9,985,000
Glenn	1	\$1,105,000	\$1,000,000
Humboldt	4	\$4,125,000	\$3,082,812
Imperial	4	\$47,770,000	\$45,180,000
Kern	3	\$21,215,000	\$19,709,755
Kings	2	\$2,355,000	\$1,588,016
Lassen	1	\$900,000	\$725,000
Los Angeles	37	\$317,090,000	\$294,351,500
Marin	4	\$16,240,000	\$14,460,000
Mariposa	1	\$5,840,000	\$5,065,000
Mendocino	1	\$4,030,000	\$3,225,000
Merced	1	\$3,785,000	\$3,110,000
Monterey	3	\$2,880,000	\$2,365,000
Napa	1	\$18,995,000	\$16,225,000
Orange	5	\$100,235,000	\$98,571,908
Riverside	2	\$4,930,000	\$4,310,000
Sacramento	4	\$30,310,000	\$23,840,000
San Benito	1	\$2,485,000	\$2,010,000
San Bernardino	11	\$74,897,148	\$32,967,960
San Diego	7	\$93,060,000	\$78,765,000
San Francisco	6	\$64,610,000	\$54,786,001
San Joaquin	2	\$15,620,000	\$11,965,000
San Luis Obispo	2	\$960,000	\$730,000
Santa Barbara	5	\$45,445,000	\$41,305,000
Santa Clara	12	\$178,905,000	\$172,300,000
Santa Cruz	2	\$3,285,000	\$2,865,000
Shasta	1	\$9,220,000	\$6,540,000
Siskiyou	1	\$1,000,000	\$835,000
Solano	1	\$49,755,000	\$48,560,000
Sonoma	6	\$20,130,000	\$19,170,000
Stanislaus	2	\$6,510,000	\$5,300,000
Tulare	1	\$12,920,000	\$11,105,000
Ventura	3	\$10,575,000	\$8,950,000
Yolo	1	\$17,600,000	\$16,515,000
Yuba	1	\$1,285,000	\$1,065,000
39 Counties	171	\$1,510,627,148	\$1,326,170,588

Office of Statewide Health Planning and Development
 Cal-Mortgage Loan Insurance Division
Insured Projects by County
 (sorted by County and then Borrower Name)
 as of June 30, 2004

Borrower Name	Project Name	Borrower / Project City	ZIP	County	Facility Type	Insured Date	Original Insured Amount	Current Principal Balance
Asian Health Services		Oakland	94607	Alameda	CLINIC-PC	11/21/1995	\$6,500,000	\$5,350,000
Eden Hospital Health Services		Castro Valley	94546	Alameda	MULTI-OTH	7/29/1993	\$23,675,000	\$17,760,000
Elder Care Alliance of Union City		Union City	94587	Alameda	MULTI-OTH	6/8/2004	\$15,685,000	\$15,685,000
Horizon Services		Hayward	94557	Alameda	CDRF	9/28/1992	\$1,140,000	\$960,000
Lifelong Medical Care	Over 60 Health Clinic	Berkeley	94710	Alameda	CLINIC-PC	12/14/1998	\$2,970,000	\$2,740,000
Lincoln Child Care		Oakland	94602	Alameda	GH-MD	11/23/1999	\$2,900,000	\$2,715,000
Seneca Residential and Day Treatment Center		San Leandro	94578	Alameda	GH-MD	7/13/1990	\$320,000	\$150,000
ValleyCare Health System	ValleyCare Medical Center	Pleasanton	94588	Alameda	HOSP	7/7/1993	\$11,660,000	\$8,780,000
ValleyCare Health System	Valley Memorial Hospital	Pleasanton	94588	Alameda	HOSP	5/6/1992	\$8,500,000	\$4,925,000
ValleyCare Health System	ValleyCare Medical Center	Pleasanton	94588	Alameda	HOSP	7/22/1997	\$37,165,000	\$29,940,000
ValleyCare Health System	ValleyCare Medical Center	Pleasanton	94588	Alameda	HOSP	6/25/2002	\$19,445,000	\$19,445,000
West Oakland Health Council		Oakland	94607	Alameda	CLINIC-PC	7/21/2003	\$2,225,000	\$2,225,000
				Alameda		12	\$132,185,000	\$110,675,000
Del Norte Clinics	Oroville, Gridley & Chico	Oroville	95966	Butte	CLINIC-PC	12/23/2003	\$8,795,000	\$8,795,000
Innovative Health Care Services	Peg Taylor Center	Chico	95926	Butte	ADHC	12/18/1990	\$540,000	\$400,000
Oroville Hospital		Oroville	95966	Butte	HOSP	10/15/1997	\$27,670,000	\$22,580,000
Oroville Hospital	Oroville Hospital - LOC	Oroville	95966	Butte	HOSP	11/8/2000	\$2,500,000	\$2,267,635
Sierra Sunrise Lodge		Chico	95928	Butte	MULTI-OTH	3/1/1991	\$15,000,000	\$11,925,000
Sierra Sunrise Lodge		Chico	95928	Butte	MULTI-OTH	11/17/1993	\$5,270,000	\$4,460,000
				Butte		6	\$59,775,000	\$50,427,635
Bi-Bett Corporation		Concord	94524	Contra Costa	CDRF	3/28/1991	\$1,400,000	\$550,000
California Autism Foundation		Richmond	94806	Contra Costa	GH-DD/MD	11/8/1995	\$4,700,000	\$3,835,000
Desarrollo Familiar		Richmond	94805	Contra Costa	CLINIC-MH	12/23/1986	\$150,000	\$100,000
Home for Jewish Parents		Danville	94506	Contra Costa	MULTI-OTH	7/9/1997	\$12,555,000	\$10,905,000
				Contra Costa		4	\$18,805,000	\$15,390,000
Marshall Medical Center		Placerville	95667	El Dorado	HOSP	10/6/1993	\$19,975,000	\$12,660,000
Marshall Medical Center		Placerville	95667	El Dorado	HOSP	5/13/1998	\$28,030,000	\$24,490,000
Marshall Medical Center		Placerville	95667	El Dorado	HOSP	3/25/2004	\$30,000,000	\$30,000,000
Marshall Medical Center		Placerville	95667	El Dorado	HOSP	3/25/2004	\$20,000,000	\$20,000,000
				El Dorado		4	\$98,005,000	\$87,150,000

Borrower Name	Project Name	Borrower / Project City	ZIP	County	Facility Type	Insured Date	Original Insured Amount	Current Principal Balance
Central Valley Indian Health		Clovis	93612	Fresno	CLINIC-PC	4/28/2000	\$1,055,000	\$955,000
Sequoia Community Health Foundation		Fresno	93706	Fresno	CLINIC-PC	11/18/1993	\$2,430,000	\$2,060,000
Sequoia Community Health Foundation		Fresno	93706	Fresno	CLINIC-PC	4/28/2000	\$1,905,000	\$1,685,000
Sierra View Homes		Reedley	93654	Fresno	MULTI-OTH	12/18/1996	\$4,425,000	\$3,625,000
United Health Center of the San Joaquin Valley		Parlier	93648	Fresno	CLINIC-PC	4/28/2000	\$950,000	\$860,000
Valley Health Team		San Joaquin	93660	Fresno	CLINIC-PC	3/13/1990	\$1,025,000	\$800,000
				Fresno		6	\$11,790,000	\$9,985,000
Del Norte Clinics	Orland Clinic	Orland	95963	Glenn	CLINIC-PC	4/28/2000	\$1,105,000	\$1,000,000
				Glenn		1	\$1,105,000	\$1,000,000
Humboldt Open Door Clinic		Arcata	95521	Humboldt	CLINIC-PC	4/28/2000	\$1,195,000	\$1,020,000
Redwoods Rural Health Center		Redway	95560	Humboldt	CLINIC-PC	3/13/1990	\$1,250,000	\$980,000
Redwoods Rural Health Center	RRHC - LOC	Redway	95560	Humboldt	CLINIC-PC	5/19/1999	\$200,000	\$197,812
St. Luke Manor		Fortuna	95540	Humboldt	SNF	12/10/1991	\$1,480,000	\$885,000
				Humboldt		4	\$4,125,000	\$3,082,812
Clinicas de Salud del Pueblo		Brawley	92227	Imperial	CLINIC-PC	7/2/1992	\$1,720,000	\$1,445,000
Clinicas de Salud del Pueblo		Brawley	92227	Imperial	CLINIC-PC	6/26/1998	\$3,250,000	\$2,835,000
El Centro Regional Medical Center		El Centro	92243	Imperial	HOSP	4/26/2001	\$39,300,000	\$38,325,000
Southern Calif. Development Corp. of VOA		El Centro	92243	Imperial	GH-DD/MD	1/12/1996	\$3,500,000	\$2,575,000
				Imperial		4	\$47,770,000	\$45,180,000
Henrietta Weill Memorial		Bakersfield	93309	Kern	CLINIC-MH	10/14/1992	\$1,445,000	\$895,000
Kern Valley Healthcare District		Mountain Mesa	93240	Kern	HOSP-DIST	9/23/2003	\$17,770,000	\$17,770,000
Kern Valley Healthcare District	KVHD - LOC	Mountain Mesa	93240	Kern	HOSP-DIST	6/23/2000	\$2,000,000	\$1,044,755
				Kern		3	\$21,215,000	\$19,709,755
Corcoran District Hospital		Corcoran	93212	Kings	HOSP-DIST	7/23/1992	\$1,555,000	\$965,000
Corcoran District Hospital	CDH - LOC	Corcoran	93212	Kings	HOSP-DIST	8/1/2001	\$800,000	\$623,016
				Kings		2	\$2,355,000	\$1,588,016
Mountain Valley		Bieber	96009	Lassen	CLINIC-PC	3/24/1993	\$900,000	\$725,000
				Lassen		1	\$900,000	\$725,000
AIDS Healthcare Foundation		Los Angeles	90028	Los Angeles	HOSPICE	10/22/1992	\$5,855,000	\$4,125,000
AIDS Healthcare Foundation		Los Angeles	90028	Los Angeles	HOSPICE	11/10/1994	\$3,300,000	\$2,835,000
AIDS Healthcare Foundation	AIDS Foundation - LOC	Los Angeles	90028	Los Angeles	HOSPICE	4/14/2004	\$1,750,000	\$1,750,000
Airport Marina Counseling Services		Westchester	90045	Los Angeles	CLINIC-MH	9/27/1995	\$735,000	\$585,000
Altamed Health Services		Commerce	90040	Los Angeles	CLINIC-PC	4/28/2000	\$5,250,000	\$4,785,000

Borrower Name	Project Name	Borrower / Project City	ZIP	County	Facility Type	Insured Date	Original Insured Amount	Current Principal Balance
Ararat Home of Los Angeles		Mission Hills	91345	Los Angeles	MULTI-OTH	4/29/1998	\$6,460,000	\$5,385,000
Beacon House		San Pedro	90731	Los Angeles	CDRF	12/8/1993	\$2,280,000	\$1,905,000
Behavioral Health Services		Gardena	90249	Los Angeles	CDRF	11/7/1996	\$10,845,000	\$8,935,000
Children's Institute International		Los Angeles	90005	Los Angeles	GH-MD	2/27/1992	\$5,635,000	\$4,670,000
Clare Foundation		Santa Monica	90404	Los Angeles	CDRF	4/29/2003	\$1,750,000	\$1,750,000
El Proyecto del Barrio		Arleta	91331	Los Angeles	CLINIC-PC	12/4/1990	\$2,040,000	\$1,590,000
El Proyecto del Barrio		Arleta	91331	Los Angeles	CLINIC-PC	12/16/1997	\$4,575,000	\$4,035,000
Exceptional Children's Foundation		Los Angeles	90008	Los Angeles	GH-DD/MD	9/27/1995	\$2,990,000	\$2,365,000
Henry Mayo Newhall Memorial Hospital		Valencia	91355	Los Angeles	HOSP	2/21/2001	\$54,895,000	\$53,890,000
Henry Mayo Newhall Memorial Hospital		Valencia	91355	Los Angeles	HOSP	6/15/2003	\$7,000,000	\$7,000,000
Hermanidad Mexicana Nacional		Los Angeles	91605	Los Angeles	CLINIC-PC	1/6/1994	\$4,385,000	\$3,655,000
Hermanidad Mexicana Nacional		Los Angeles	91605	Los Angeles	CLINIC-PC	4/25/2004	\$100,000	\$21,500
Jeffrey Foundation		Los Angeles	90016	Los Angeles	CDRF	12/18/1992	\$305,000	\$250,000
Keiro Nursing Home		Los Angeles	90033	Los Angeles	SNF	3/10/1994	\$10,675,000	\$8,030,000
Los Angeles Centers for Alcohol & Drug Abuse Principles		Santa Fe Springs	90706	Los Angeles	CDRF	1/29/1997	\$1,515,000	\$1,300,000
Prototypes		Pasadena	91103	Los Angeles	CDRF	4/29/2003	\$2,040,000	\$2,040,000
Prototypes		Culver City	90230	Los Angeles	CDRF	6/23/1993	\$2,530,000	\$1,635,000
Prototypes		Culver City	90230	Los Angeles	CDRF	6/27/2001	\$4,195,000	\$3,990,000
San Fernando Community Hospital	Mission Community Hosp.	Panorama City	91402	Los Angeles	HOSP	12/11/2001	\$35,445,000	\$34,590,000
San Fernando Valley Comm. Mental Health Ctr.		Van Nuys	91405	Los Angeles	ADHC	6/26/1998	\$3,700,000	\$3,090,000
Social Model Recovery Systems		Azusa	91702	Los Angeles	CDRF	3/19/1993	\$935,000	\$775,000
Social Model Recovery Systems		Covina	91723	Los Angeles	CDRF	6/27/2001	\$1,890,000	\$1,755,000
Solheim Lutheran Home		Los Angeles	90041	Los Angeles	MULTI-CCRC	6/23/1994	\$8,230,000	\$6,195,000
South Bay Alcoholism Services		Torrance	90501	Los Angeles	CDRF	3/24/1993	\$1,290,000	\$1,045,000
Southern California Alcohol & Drug Program		Downey	90241	Los Angeles	CDRF	6/11/1993	\$775,000	\$640,000
Southern California Alcohol & Drug Program		Downey	90241	Los Angeles	CDRF	12/18/1997	\$4,095,000	\$3,540,000
Southern California Alcohol & Drug Program		Downey	90706	Los Angeles	CDRF	5/30/2001	\$1,780,000	\$1,655,000
Tarzana Treatment Center		Tarzana	91356	Los Angeles	CDRF	12/9/1998	\$1,950,000	\$1,730,000
The HELP Group		Sherman Oaks	91401	Los Angeles	GH-DD/MD	5/22/1998	\$17,275,000	\$15,135,000
The HELP Group		Sherman Oaks	91401	Los Angeles	GH-DD/MD	5/25/2000	\$17,620,000	\$16,840,000
The Los Angeles Jewish Home for the Aging		Reseda	91335	Los Angeles	MULTI-OTH	12/17/2003	\$80,000,000	\$80,000,000
Verdugo Mental Health Center		Glendale	91205	Los Angeles	CLINIC-MH	12/16/1993	\$1,000,000	\$835,000
Los Angeles						37	\$317,090,000	\$294,351,500
Aldersly		San Rafael	94901	Marin	MULTI-CCRC	5/29/1991	\$2,000,000	\$1,600,000
Aldersly		San Rafael	94901	Marin	MULTI-CCRC	9/26/2002	\$7,125,000	\$6,995,000
Community Church Retirement Center	The Redwoods	Mill Valley	94941	Marin	MULTI-OTH	3/11/1997	\$6,115,000	\$5,075,000
Henry Ohlhoff House		Novato	94949	Marin	CDRF	9/14/1990	\$1,000,000	\$790,000
Marin						4	\$16,240,000	\$14,460,000

Borrower Name	Project Name	Borrower / Project City	ZIP	County	Facility Type	Insured Date	Original Insured Amount	Current Principal Balance
John C. Fremont Hospital District		Mariposa	95338	Mariposa	HOSP-DIST	10/11/1994	\$5,840,000	\$5,065,000
				Mariposa		1	\$5,840,000	\$5,065,000
Mendocino Coast Health Care District		Fort Bragg	95437	Mendocino	HOSP-DIST	8/28/1996	\$4,030,000	\$3,225,000
				Mendocino		1	\$4,030,000	\$3,225,000
Golden Valley Health Centers	Childs Ave.	Merced	95340	Merced	CLINIC-PC	1/28/1994	\$3,785,000	\$3,110,000
				Merced		1	\$3,785,000	\$3,110,000
Clinicas de Salud del Valle de Salinas	Clinica Popular	Salinas	93905	Monterey	CLINIC-PC	7/26/1989	\$580,000	\$440,000
Clinicas de Salud del Valle de Salinas		Salinas	93905	Monterey	CLINIC-PC	7/2/1992	\$1,450,000	\$1,220,000
Gateway Center		Pacific Grove	93950	Monterey	GH-DD	5/11/1993	\$850,000	\$705,000
				Monterey		3	\$2,880,000	\$2,365,000
California Odd Fellows Housing of Napa	The Meadows of Napa	Napa	94559	Napa	MULTI-OTH	10/6/1993	\$18,995,000	\$16,225,000
				Napa		1	\$18,995,000	\$16,225,000
Feedback Foundation		Anaheim	92801	Orange	ADHC	12/30/1992	\$2,140,000	\$1,718,344
Home for the Aged of the Episcopal Church	The Covington	Alhambra	92656	Orange	MULTI-CCRC	2/26/2002	\$90,000,000	\$89,750,000
Olive Crest Treatment Center		Santa Ana	92705	Orange	GH-MD	12/30/1992	\$2,280,000	\$1,884,429
Orange County A R C		Anaheim	92801	Orange	ADC-DD	11/17/1999	\$4,500,000	\$4,130,000
Southern California Alcohol & Drug Program	Heritage House	Downey	90241	Orange	CDRF	12/30/1992	\$1,315,000	\$1,089,136
				Orange		5	\$100,235,000	\$98,571,908
Desert AIDS Project		Palm Springs	92262	Riverside	CLINIC-AIDS	4/26/2001	\$3,570,000	\$3,320,000
Thessalonika Family Services		Temecula	92589	Riverside	GH-DD/MD	12/19/1995	\$1,360,000	\$990,000
				Riverside		2	\$4,930,000	\$4,310,000
Asian Community Skilled Nursing Facility		Sacramento	95831	Sacramento	SNF	10/14/1992	\$3,160,000	\$2,265,000
Catholic Healthcare West	Mercy McMahon Terrace	Sacramento	95816	Sacramento	MULTI-OTH	3/17/1993	\$9,360,000	\$6,730,000
Center for AIDS Research, Education & Svcs		Sacramento	95814	Sacramento	CLINIC-AIDS	4/30/1998	\$3,330,000	\$2,835,000
Sacramento Medical Foundation		Sacramento	95816	Sacramento	BB	5/6/1998	\$14,460,000	\$12,010,000
				Sacramento		4	\$30,310,000	\$23,840,000
San Benito Health Foundation		Hollister	95023	San Benito	CLINIC-PC	11/28/1990	\$2,485,000	\$2,010,000
				San Benito		1	\$2,485,000	\$2,010,000

Borrower Name	Project Name	Borrower / Project City	ZIP	County	Facility Type	Insured Date	Original Insured Amount	Current Principal Balance
Apple Valley Christian Centers	Apple Valley Retirement	Apple Valley	92308	San Bernardino	SNF	5/24/2001	\$9,525,000	\$9,075,000
Apple Valley Christian Centers	Apple Valley - LOC	Apple Valley	92308	San Bernardino	SNF	9/26/2003	\$500,000	\$172,250
Community Health System		Bloomington	92316	San Bernardino	CLINIC-PC	8/30/2000	\$1,295,000	\$1,220,000
Redlands Community Hospital		Redlands	92373	San Bernardino	HOSP	3/17/1987	\$37,620,000	\$1,870,000
Redlands Community Hospital		Redlands	92373	San Bernardino	HOSP	7/26/1990	\$3,997,148	\$1,721,268
Social Science Services		Bloomington	92316	San Bernardino	CDRF	4/28/2000	\$1,970,000	\$1,785,000
Sunset Haven		Ontario	91762	San Bernardino	MULTI-OTH	8/28/1997	\$6,320,000	\$5,325,000
Sunset Haven		Ontario	91762	San Bernardino	MULTI-OTH	9/30/2003	\$500,000	\$448,133
Victor Valley Community Hospital	VVCH - LOC	Victorville	92392	San Bernardino	HOSP	10/28/1999	\$3,000,000	\$2,798,890
Victor Valley Community Hospital		Victorville	92392	San Bernardino	HOSP	5/26/2000	\$8,470,000	\$6,825,000
Victor Valley Community Hospital	VVCH - LOC	Victorville	92392	San Bernardino	HOSP	8/1/2002	\$1,700,000	\$1,727,420
				San Bernardino		11	\$74,897,148	\$32,967,960
A R C - San Diego		San Diego	92123	San Diego	ICF-DD	7/23/1997	\$9,260,000	\$7,605,000
Casa del las Campanas		San Diego	92127	San Diego	MULTI-CCRC	6/9/1998	\$45,340,000	\$37,105,000
Mental Health Systems		San Diego	92131	San Diego	GH-MD	12/30/1992	\$650,000	\$535,000
North County Health Services	San Marcos Health Clinic	San Marcos	92069	San Diego	CLINIC-PC	3/14/1996	\$5,500,000	\$4,575,000
North County Serenity House		Escondido	95825	San Diego	CDRF	1/28/2003	\$5,795,000	\$5,655,000
Retirement Housing Foundation	The Gateway	Poway	92128	San Diego	MULTI-OTH	12/28/2000	\$19,375,000	\$18,375,000
St. Paul's Episcopal Home		San Diego	92103	San Diego	MULTI-OTH	9/13/1994	\$7,140,000	\$4,915,000
				San Diego		7	\$93,060,000	\$78,765,000
Burt Center		San Francisco	94117	San Francisco	GH-MD	4/18/2001	\$3,200,000	\$3,080,000
Burt Center	Burt Center - LOC	San Francisco	94117	San Francisco	GH-MD	6/19/2003	\$125,000	\$115,420
Scott Street Senior Housing Complex		San Francisco	94115	San Francisco	MULTI-OTH	6/18/1998	\$37,770,000	\$34,630,000
St.Luke's Hospital		San Francisco	94110	San Francisco	HOSP	7/15/1997	\$9,815,000	\$7,085,000
Walden House	Walden House - LOC	San Francisco	94103	San Francisco	CDRF	5/6/2004	\$4,900,000	\$2,735,581
Walden House		San Francisco	94103	San Francisco	CDRF	3/24/1992	\$8,800,000	\$7,140,000
				San Francisco		6	\$64,610,000	\$54,786,001
Community Medical Center		Stockton	95202	San Joaquin	CLINIC-PC	10/12/1994	\$3,050,000	\$2,655,000
Lodi Memorial Hospital Association		Lodi	94251	San Joaquin	HOSP	10/26/2000	\$12,570,000	\$9,310,000
				San Joaquin		2	\$15,620,000	\$11,965,000
Community Health Centers of the Central Coast		Nipomo	93444	San Luis Obispo	CLINIC-PC	7/17/1990	\$770,000	\$605,000
Escuela del Rio		Atascadero	93423	San Luis Obispo	ADC-DD	9/4/1991	\$190,000	\$125,000
				San Luis Obispo		2	\$960,000	\$730,000
Lompoc District Hospital		Lompoc	93438	Santa Barbara	HOSP-DIST	9/23/1998	\$6,375,000	\$5,040,000
Sanctuary Psychiatric Centers of Santa Barbara		Santa Barbara	93102	Santa Barbara	GH-MD	1/16/1991	\$810,000	\$640,000

Borrower Name	Project Name	Borrower / Project City	ZIP	County	Facility Type	Insured Date	Original Insured Amount	Current Principal Balance
SANSUM Santa Barbara Medical Found. Clinic		Goleta	93111	Santa Barbara	CLINIC-PC	5/1/2002	\$32,600,000	\$31,200,000
Santa Barbara Neighborhood Clinics		Isla Vista	93117	Santa Barbara	CLINIC-PC	7/7/1988	\$450,000	\$330,000
Solvang Lutheran Home		Solvang	93463	Santa Barbara	MULTI-CCRC	8/27/1996	\$5,210,000	\$4,095,000
				Santa Barbara		5	\$45,445,000	\$41,305,000
Advent Group Ministries		San Jose	95119	Santa Clara	GH-MD	2/28/1991	\$1,025,000	\$825,000
Alliance for Community Care	Miramonte & Avenues	San Jose	95127	Santa Clara	CLINIC-MH	11/13/2003	\$10,500,000	\$10,500,000
Eastfield Ming Quong	Giarretto Institute	San Jose	95112	Santa Clara	CLINIC-MH	10/2/1992	\$1,040,000	\$875,000
Eastfield Ming Quong		Campbell	95008	Santa Clara	GH-MD	3/11/1997	\$7,025,000	\$5,650,000
Gardner Family Health Network		San Jose	95112	Santa Clara	CLINIC-PC	8/30/1995	\$5,000,000	\$3,955,000
HOPE Services		Santa Clara	95054	Santa Clara	ADC-DD	6/11/2002	\$5,845,000	\$5,575,000
Lincoln Glen Manor for Senior Citizens		San Jose	95125	Santa Clara	MULTI-OTH	3/9/2000	\$7,500,000	\$7,085,000
Lytton Gardens		Palo Alto	94301	Santa Clara	SNF	12/9/1999	\$16,355,000	\$16,285,000
Odd Fellows Home of California	Saratoga Retirement Comm.	Saratoga	95070	Santa Clara	MULTI-OTH	10/14/1999	\$34,500,000	\$32,895,000
Odd Fellows Home of California	Saratoga Retirement Comm.	Saratoga	95070	Santa Clara	MULTI-OTH	1/7/2003	\$80,000,000	\$80,000,000
Sunny View Lutheran Home		Cupertino	95014	Santa Clara	MULTI-CCRC	9/17/1997	\$4,430,000	\$3,520,000
Sunny View Lutheran Home		Cupertino	95014	Santa Clara	MULTI-CCRC	2/25/1999	\$5,685,000	\$5,135,000
				Santa Clara		12	\$178,905,000	\$172,300,000
Janus of Santa Cruz		Santa Cruz	95062	Santa Cruz	CDRF	3/24/1993	\$1,000,000	\$810,000
Salud para la Gente		Watsonville	95096	Santa Cruz	CLINIC-PC	4/28/2000	\$2,285,000	\$2,055,000
				Santa Cruz		2	\$3,285,000	\$2,865,000
Mayers Memorial Hospital District		Fall River Mills	96028	Shasta	HOSP-DIST	1/27/1994	\$9,220,000	\$6,540,000
				Shasta		1	\$9,220,000	\$6,540,000
Mountain Valley		Dorris	96023	Siskiyou	CLINIC-PC	10/28/1992	\$1,000,000	\$835,000
				Siskiyou		1	\$1,000,000	\$835,000
Northern California Retired Officers Community	Paradise Valley Estates	Fairfield	94533	Solano	MULTI-CCRC	12/19/2002	\$49,755,000	\$48,560,000
				Solano		1	\$49,755,000	\$48,560,000
Becoming Independent		Santa Rosa	95403	Sonoma	ADC-DD	2/29/1996	\$1,665,000	\$1,340,000
Becoming Independent		Santa Rosa	95403	Sonoma	ADC-DD	1/21/2004	\$5,000,000	\$5,000,000
Drug Abuse Alternatives Center		Santa Rosa	95403	Sonoma	CDRF	11/18/1993	\$1,825,000	\$1,545,000
Sonoma Valley Hospital District		Sonoma	95476	Sonoma	HOSP-DIST	4/30/2004	\$7,540,000	\$7,540,000
True To Life Children's Services		Sebastopol	95473	Sonoma	GH-MD	9/17/1997	\$1,700,000	\$1,455,000
True To Life Children's Services		Sebastopol	95473	Sonoma	GH-DD/MD	10/17/2000	\$2,400,000	\$2,290,000
				Sonoma		6	\$20,130,000	\$19,170,000

Borrower Name	Project Name	Borrower / Project City	ZIP	County	Facility Type	Insured Date	Original Insured Amount	Current Principal Balance
Fellowship Homes	Casa de Modesto	Modesto	95350	Stanislaus	MULTI-OTH	8/27/1996	\$6,065,000	\$4,940,000
Golden Valley Health Centers	West Modesto Med. Clinic	Modesto	95430	Stanislaus	CLINIC-PC	10/30/1990	\$445,000	\$360,000
				Stanislaus		2	\$6,510,000	\$5,300,000
Tulare Local Healthcare District		Tulare	93274	Tulare	HOSP-DIST	12/4/1998	\$12,920,000	\$11,105,000
				Tulare		1	\$12,920,000	\$11,105,000
Clinicas del Camino Real		Ventura	93004	Ventura	CLINIC-PC	3/13/1990	\$2,800,000	\$2,195,000
Clinicas del Camino Real		Oxnard	93030	Ventura	CLINIC-PC	11/15/1993	\$550,000	\$465,000
Clinicas del Camino Real	Saticoy Health Clinic	Ventura	93004	Ventura	CLINIC-PC	5/24/1995	\$7,225,000	\$6,290,000
				Ventura		3	\$10,575,000	\$8,950,000
FamiliesFirst		Davis	95616	Yolo	GH-DD/MD	3/15/2000	\$17,600,000	\$16,515,000
				Yolo		1	\$17,600,000	\$16,515,000
Del Norte Clinics	Lindhurst Clinic	Olivehurst	95961	Yuba	CLINIC-PC	5/28/1993	\$1,285,000	\$1,065,000
				Yuba		1	\$1,285,000	\$1,065,000

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

Insured Projects by Size of Insured Loan Amount

(sorted by Original Insured Amount)

as of June 30, 2004

Borrower Name	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance	Facility Type
Home for the Aged of the Episcopal Church	Alhambra	2/26/2002	\$90,000,000	\$89,750,000	MULTI-CCRC
Odd Fellows Home of California	Saratoga	1/7/2003	\$80,000,000	\$80,000,000	MULTI-OTH
The Los Angeles Jewish Home for the Aging	Reseda	12/17/2003	\$80,000,000	\$80,000,000	MULTI-OTH
Henry Mayo Newhall Memorial Hospital	Valencia	2/21/2001	\$54,895,000	\$53,890,000	HOSP
Northern California Retired Officers Community	Fairfield	12/19/2002	\$49,755,000	\$48,560,000	MULTI-CCRC
Casa de las Campanas	San Diego	6/9/1998	\$45,340,000	\$37,105,000	MULTI-CCRC
El Centro Regional Medical Center	El Centro	4/26/2001	\$39,300,000	\$38,325,000	HOSP
Scott Street Senior Housing Complex	San Francisco	6/18/1998	\$37,770,000	\$34,630,000	MULTI-OTH
Redlands Community Hospital	Redlands	3/17/1987	\$37,620,000	\$1,870,000	HOSP
ValleyCare Health System	Pleasanton	7/22/1997	\$37,165,000	\$29,940,000	HOSP
San Fernando Comm. Hosp - Mission Community	Panorama City	12/11/2001	\$35,445,000	\$34,590,000	HOSP
Odd Fellows Home of California	Saratoga	10/14/1999	\$34,500,000	\$32,895,000	MULTI-OTH
SANSUM Santa Barbara Medical Found. Clinic	Goleta	5/1/2002	\$32,600,000	\$31,200,000	CLINIC: MULTI
Marshall Medical Center	Placerville	3/25/2004	\$30,000,000	\$30,000,000	HOSP
Marshall Medical Center	Placerville	5/13/1998	\$28,030,000	\$24,490,000	HOSP
Oroville Hospital	Oroville	10/15/1997	\$27,670,000	\$22,580,000	HOSP
Eden Hospital Health Services	Castro Valley	7/23/1993	\$23,675,000	\$17,760,000	MULTI-OTH
Marshall Medical Center	Placerville	3/25/2004	\$20,000,000	\$20,000,000	HOSP
Loan Size: Greater Than \$20,000,000		18	\$783,765,000	\$707,585,000	
Marshall Medical Center	Placerville	10/6/1993	\$19,975,000	\$12,660,000	HOSP
ValleyCare Health System	Pleasanton	6/25/2002	\$19,445,000	\$19,445,000	HOSP
Retirement Housing Foundation	Long Beach	12/28/2000	\$19,375,000	\$18,375,000	MULTI-OTH
California Odd Fellows Housing of Napa	Napa	10/6/1993	\$18,995,000	\$16,225,000	MULTI-OTH
Kern Valley Healthcare District	Mountain Mesa	9/26/2003	\$17,770,000	\$17,770,000	HOSP-DIST
The HELP Group	Sherman Oaks	5/25/2000	\$17,620,000	\$16,840,000	CLINIC-MH
FamiliesFirst	Davis	3/15/2000	\$17,600,000	\$16,515,000	GH-DD/MD
The HELP Group	Sherman Oaks	5/22/1998	\$17,275,000	\$15,135,000	CLINIC-MH
Lytton Gardens	Palo Alto	12/9/1999	\$16,355,000	\$16,285,000	SNF

Borrower Name	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance	Facility Type
Elder Care Alliance of Union City	Union City	6/8/2004	\$15,685,000	\$15,685,000	MULTI-OTH
Sierra Sunrise Senior Village of Chico	Chico	3/1/1991	\$15,000,000	\$11,925,000	MULTI-OTH
Sacramento Medical Foundation	Sacramento	5/6/1998	\$14,460,000	\$12,010,000	BB
Tulare District Healthcare System	Tulare	12/4/1998	\$12,920,000	\$11,105,000	HOSP-DIST
Lodi Memorial Hospital Association	Lodi	10/26/2000	\$12,570,000	\$9,310,000	HOSP
Home for Jewish Parents	Danville	7/9/1997	\$12,555,000	\$10,905,000	MULTI-OTH
ValleyCare Health System	Pleasanton	7/8/1993	\$11,660,000	\$8,780,000	HOSP
Behavioral Health Services	Gardena	11/7/1996	\$10,845,000	\$8,935,000	CDRF
Keiro Nursing Home	Los Angeles	3/10/1994	\$10,675,000	\$8,030,000	SNF
Alliance for Community Care	San Jose	11/13/2003	\$10,500,000	\$10,500,000	GH-MD
Loan Size: Between \$10,000,000 - \$19,999,999		19	\$291,280,000	\$256,435,000	
St. Luke's Hospital	San Francisco	7/15/1997	\$9,815,000	\$7,085,000	HOSP
Apple Valley Christian Centers	Apple Valley	5/24/2001	\$9,525,000	\$9,075,000	SNF
Catholic Healthcare West	San Francisco	3/17/1993	\$9,360,000	\$6,730,000	MULTI-OTH
A R C - San Diego	San Diego	7/23/1997	\$9,260,000	\$7,605,000	ICF-DD
Mayers Memorial Hospital District	Fall River Mills	1/27/1994	\$9,220,000	\$6,540,000	HOSP-DIST
Walden House	San Francisco	3/24/1992	\$8,800,000	\$7,140,000	CDRF
Del Norte Clinics	Yuba City	12/23/2003	\$8,795,000	\$8,795,000	CLINIC-PC
ValleyCare Health System	Pleasanton	5/6/1992	\$8,500,000	\$4,925,000	HOSP
Victor Valley Community Hospital	Victorville	5/26/2000	\$8,470,000	\$6,825,000	HOSP
Solheim Lutheran Home	Los Angeles	6/23/1994	\$8,230,000	\$6,195,000	MULTI-CCRC
Sonoma Valley Health Care District	Sonoma	4/30/2004	\$7,540,000	\$7,540,000	HOSP-DIST
Lincoln Glen Manor for Senior Citizens	San Jose	3/9/2000	\$7,500,000	\$7,085,000	MULTI-OTH
Clinicas del Camino Real	Ventura	5/24/1995	\$7,225,000	\$6,290,000	CLINIC-PC
St. Paul's Episcopal Home	San Diego	9/13/1994	\$7,140,000	\$4,915,000	MULTI-OTH
Aldersly	San Rafael	9/26/2002	\$7,125,000	\$6,995,000	MULTI-CCRC
Eastfield Ming Quong	San Jose	3/11/1997	\$7,025,000	\$5,650,000	CLINIC-MH
Henry Mayo Newhall Memorial Hospital	Valencia	6/15/2003	\$7,000,000	\$7,000,000	HOSP
Asian Health Services	Oakland	11/21/1995	\$6,500,000	\$5,350,000	CLINIC-PC
Ararat Home of Los Angeles	Mission Hills	4/29/1998	\$6,460,000	\$5,385,000	MULTI-OTH
Lompoc District Hospital	Lompoc	9/23/1998	\$6,375,000	\$5,040,000	HOSP-DIST
Sunset Haven	Upland	8/28/1997	\$6,320,000	\$5,325,000	MULTI-OTH
Community Church Retirement Center	Mill Valley	3/11/1997	\$6,115,000	\$5,075,000	MULTI-OTH

Borrower Name	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance	Facility Type
Fellowship Homes	Modesto	8/27/1996	\$6,065,000	\$4,940,000	MULTI-OTH
AIDS Healthcare Foundation	Los Angeles	9/1/1992	\$5,855,000	\$4,125,000	HOSPICE
HOPE Services	Santa Clara	6/11/2002	\$5,845,000	\$5,575,000	ADC-DD
John C. Fremont Healthcare District	Mariposa	10/11/1994	\$5,840,000	\$5,065,000	HOSP-DIST
North County Serenity House	Escondido	1/28/2003	\$5,795,000	\$5,655,000	CDRF
Sunny View Lutheran Home	Cupertino	2/25/1999	\$5,685,000	\$5,135,000	MULTI-CCRC
Children's Institute International	Los Angeles	2/27/1992	\$5,635,000	\$4,670,000	GH-MD
North County Health Services	San Marcos	3/14/1996	\$5,500,000	\$4,575,000	CLINIC-PC
Sierra Sunrise Senior Village of Chico	Chico	11/17/1993	\$5,270,000	\$4,460,000	MULTI-OTH
AltaMed Health Services	Commerce	4/28/2000	\$5,250,000	\$4,785,000	CLINIC-PC
Solvang Lutheran Home	Solvang	8/27/1996	\$5,210,000	\$4,095,000	MULTI-CCRC
Becoming Independent	Santa Rosa	1/21/2004	\$5,000,000	\$5,000,000	ADC-DD
Gardner Family Health Network	San Jose	8/30/1995	\$5,000,000	\$3,955,000	CLINIC-PC
Loan Size: Between \$5,000,000 - \$9,999,999		35	\$244,250,000	\$204,600,000	
Walden House	San Francisco	6/27/2000	\$4,900,000	\$2,735,581	CDRF
California Autism Foundation	Richmond	11/8/1995	\$4,700,000	\$3,835,000	GH-DD/MD
El Proyecto del Barrio	Arleta	12/16/1997	\$4,575,000	\$4,035,000	CLINIC-PC
Orange County A R C	Anaheim	11/17/1999	\$4,500,000	\$4,130,000	ADC-DD
Sunny View Lutheran Home	Cupertino	9/17/1997	\$4,430,000	\$3,520,000	MULTI-CCRC
Sierra View Homes	Reedley	12/18/1996	\$4,425,000	\$3,625,000	MULTI-OTH
Hermandad Mexicana Nacional	Los Angeles	1/6/1994	\$4,385,000	\$3,655,000	CLINIC-PC
Prototypes	Culver City	6/27/2001	\$4,195,000	\$3,990,000	CDRF
Southern California Alcohol & Drug Program	Downey	12/18/1997	\$4,095,000	\$3,540,000	CDRF
Mendocino Coast Health Care District	Fort Bragg	8/28/1996	\$4,030,000	\$3,225,000	HOSP-DIST
Redlands Community Hospital	Redlands	7/26/1990	\$3,997,148	\$1,721,268	HOSP
Golden Valley Health Centers	Merced	1/28/1994	\$3,785,000	\$3,110,000	CLINIC-PC
San Fernando Valley Comm Mental Health Center	Van Nuys	6/26/1998	\$3,700,000	\$3,090,000	ADHC
Desert AIDS Project	Palm Springs	4/26/2001	\$3,570,000	\$3,320,000	CLINIC-AIDS
Southern Calif Development Corp of VOA	La Mesa	1/11/1996	\$3,500,000	\$2,575,000	CDRF
Center for AIDS Research, Education & Services	Sacramento	4/30/1998	\$3,330,000	\$2,835,000	CLINIC-AIDS
AIDS Healthcare Foundation	Los Angeles	11/1/1994	\$3,300,000	\$2,835,000	HOSPICE
Clinicas de Salud del Pueblo	Brawley	6/26/1998	\$3,250,000	\$2,835,000	CLINIC-PC
Burt Center	San Francisco	4/18/2001	\$3,200,000	\$3,080,000	GH-MD

Borrower Name	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance	Facility Type
Asian Community Skilled Nursing Facility	Sacramento	10/14/1992	\$3,160,000	\$2,265,000	SNF
Community Medical Center	Stockton	10/12/1994	\$3,050,000	\$2,655,000	CLINIC-PC
Victor Valley Community Hospital	Victorville	10/28/1999	\$3,000,000	\$2,798,890	HOSP
Exceptional Children's Foundation	Culver City	9/27/1995	\$2,990,000	\$2,365,000	GH-DD/MD
Lifelong Medical Care	Berkeley	12/14/1998	\$2,970,000	\$2,740,000	CLINIC-PC
Lincoln Child Center	Oakland	11/23/1999	\$2,900,000	\$2,715,000	GH-MD
Clinicas del Camino Real	Ventura	3/13/1990	\$2,800,000	\$2,195,000	CLINIC-PC
Prototypes	Culver City	6/23/1993	\$2,530,000	\$1,635,000	CDRF
Oroville Hospital	Oroville	11/8/2000	\$2,500,000	\$2,267,635	HOSP
San Benito Health Foundation	Hollister	11/28/1990	\$2,485,000	\$2,010,000	CLINIC-PC
Sequoia Community Health	Fresno	11/18/1993	\$2,430,000	\$2,060,000	CLINIC-PC
True To Life Children's Services	Sebastopol	10/17/2000	\$2,400,000	\$2,290,000	GH-DD/MD
Salud para la Gente	Watsonville	4/28/2000	\$2,285,000	\$2,055,000	CLINIC-PC
Beacon House	San Pedro	12/8/1993	\$2,280,000	\$1,905,000	CDRF
Olive Crest Treatment Center	Santa Ana	12/30/1992	\$2,280,000	\$1,884,429	GH-MD
West Oakland Health Council	Oakland	7/21/2003	\$2,225,000	\$2,225,000	CLINIC-PC
Feedback Foundation	Anaheim	12/1/1992	\$2,140,000	\$1,718,344	ADHC
Principles	Pasadena	4/29/2003	\$2,040,000	\$2,040,000	CDRF
El Proyecto del Barrio	Arleta	12/4/1990	\$2,040,000	\$1,590,000	CLINIC-PC
Kern Valley Healthcare District	Mountain Mesa	6/23/2000	\$2,000,000	\$1,044,757	HOSP-DIST
Aldersly	San Rafael	5/29/1991	\$2,000,000	\$1,600,000	MULTI-CCRC
Social Science Services	Bloomington	4/28/2000	\$1,970,000	\$1,785,000	CDRF
Tarzana Treatment Center	Tarzana	12/9/1998	\$1,950,000	\$1,730,000	CDRF
Sequoia Community Health	Fresno	4/28/2000	\$1,905,000	\$1,685,000	CLINIC-PC
Social Model Recovery Systems	Covina	6/27/2001	\$1,890,000	\$1,755,000	CDRF
Drug Abuse Alternatives Center	Santa Rosa	11/18/1993	\$1,825,000	\$1,545,000	CDRF
Southern California Alcohol & Drug Program	Downey	5/30/2001	\$1,780,000	\$1,655,000	CDRF
AIDS Healthcare Foundation	Los Angeles	4/17/2004	\$1,750,000	\$1,750,000	HOSPICE
Clare Foundation	Santa Monica	4/29/2003	\$1,750,000	\$1,750,000	CDRF
Clinicas de Salud del Pueblo	Brawley	7/2/1992	\$1,720,000	\$1,445,000	CLINIC-PC
True To Life Children's Services	Sebastopol	9/17/1997	\$1,700,000	\$1,455,000	GH-DD/MD
Victor Valley Community Hospital	Victorville	8/1/2002	\$1,700,000	\$1,727,420	HOSP
Becoming Independent	Santa Rosa	2/29/1996	\$1,665,000	\$1,340,000	ADC-DD
Corcoran District Hospital	Corcoran	7/23/1992	\$1,555,000	\$965,000	HOSP-DIST

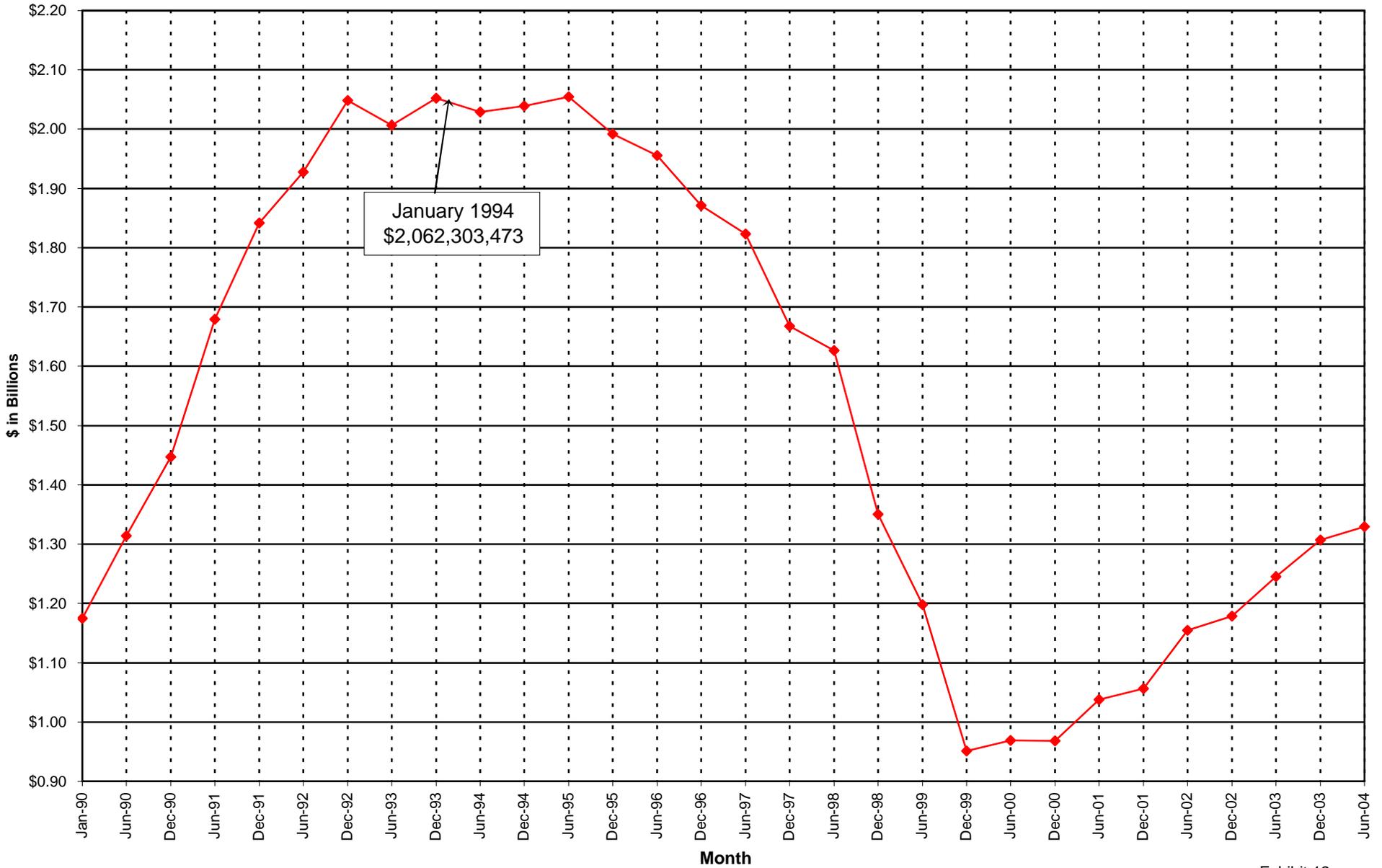
Borrower Name	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance	Facility Type
Los Angeles Centers for Alcohol & Drug Abuse	Santa Fe Springs	1/29/1997	\$1,515,000	\$1,300,000	CDRF
St. Luke Manor	Fortuna	12/10/1991	\$1,480,000	\$885,000	SNF
Clinica de Salud del Valle de Salinas	Salinas	7/2/1992	\$1,450,000	\$1,220,000	CLINIC-PC
Henrietta Weill Memorial	Bakersfield	10/14/1992	\$1,445,000	\$895,000	CLINIC-MH
Bi-Bett Corporation	Concord	3/28/1991	\$1,400,000	\$550,000	CDRF
Thessalonika Family Services	Temecula	12/19/1995	\$1,360,000	\$990,000	GH-DD/MD
Southern California Alcohol & Drug Program	Downey	12/30/1992	\$1,315,000	\$1,089,136	CDRF
Community Health System	Bloomington	8/30/2000	\$1,295,000	\$1,220,000	CLINIC-PC
South Bay Alcoholism Svcs.	Torrance	3/24/1993	\$1,290,000	\$1,045,000	CDRF
Del Norte Clinics	Yuba City	5/28/1993	\$1,285,000	\$1,065,000	CLINIC-PC
Redwoods Rural Health Center	Redway	3/13/1990	\$1,250,000	\$980,000	CLINIC-PC
Humboldt Open Door Clinic	Arcata	4/28/2000	\$1,195,000	\$1,020,000	CLINIC-PC
Horizon Services	Hayward	9/28/1992	\$1,140,000	\$960,000	CDRF
Del Norte Clinics	Yuba City	4/28/2000	\$1,105,000	\$1,000,000	CLINIC-PC
Central Valley Indian Health	Clovis	4/28/2000	\$1,055,000	\$955,000	CLINIC-PC
Eastfield Ming Quong	San Jose	10/2/1992	\$1,040,000	\$875,000	CLINIC-MH
Valley Health Team	San Joaquin	3/13/1990	\$1,025,000	\$800,000	CLINIC-PC
Advent Group Ministries	San Jose	2/28/1991	\$1,025,000	\$825,000	GH-MD
Janus of Santa Cruz	Santa Cruz	3/24/1993	\$1,000,000	\$810,000	CDRF
Mountain Valley	Dorris	10/28/1992	\$1,000,000	\$835,000	CLINIC-PC
Verdugo Mental Health Center	Glendale	12/16/1993	\$1,000,000	\$835,000	CLINIC-MH
Henry Ohlhoff House	San Francisco	9/14/1990	\$1,000,000	\$790,000	CDRF
Loan Size: Between \$1,000,000 - \$4,999,999		75	\$178,202,148	\$147,282,459	
United Health Center of the San Joaquin Valley	Parlier	4/28/2000	\$950,000	\$860,000	CLINIC-PC
Social Model Recovery Systems	Covina	3/19/1993	\$935,000	\$775,000	CDRF
Mountain Valley	Dorris	3/24/1993	\$900,000	\$725,000	CLINIC-PC
Gateway Center	Pacific Grove	5/11/1993	\$850,000	\$705,000	GH-DD
Sanctuary Psychiatric Centers of Santa Barbara	Santa Barbara	1/16/1991	\$810,000	\$640,000	GH-MD
Corcoran District Hospital	Corcoran	8/1/2001	\$800,000	\$623,016	HOSP-DIST
Southern California Alcohol & Drug Program	Downey	6/11/1993	\$775,000	\$640,000	CDRF
Community Health Centers of the Central Coast	Nipomo	7/17/1990	\$770,000	\$605,000	CLINIC-PC
Airport Marina Counseling Services	Westchester	9/27/1995	\$735,000	\$585,000	CLINIC-MH
Mental Health Services	San Diego	12/30/1992	\$650,000	\$535,000	GH-MD

Borrower Name	Borrower City	Date Loan Insured	Original Insured Amount	Current Principal Balance	Facility Type
Clinica de Salud del Valle de Salinas	Salinas	7/26/1989	\$580,000	\$440,000	CLINIC-PC
Clinicas del Camino Real	Ventura	11/15/1993	\$550,000	\$465,000	CLINIC-PC
Innovative Health Care Services	Chico	12/18/1990	\$540,000	\$400,000	ADHC
Apple Valley Christian Centers	Apple Valley	6/16/2003	\$500,000	\$172,250	SNF
Sunset Haven	Upland	9/30/2003	\$500,000	\$448,133	MULTI-OTH
Santa Barbara Neighborhood Clinics	Isla Vista	7/7/1988	\$450,000	\$330,000	CLINIC-PC
Golden Valley Health Centers	Merced	10/30/1990	\$445,000	\$360,000	CLINIC-PC
Seneca Residential and Day Treatment Center	San Leandro	7/13/1990	\$320,000	\$150,000	GH-MD
Jeffrey Foundation	Los Angeles	12/18/1992	\$305,000	\$250,000	CDC: DD
Redwoods Rural Health Center	Redway	5/19/1999	\$200,000	\$197,812	CLINIC-PC
Escuela del Rio	Atascadero	9/4/1991	\$190,000	\$125,000	ADC-DD
Desarrollo Familiar	Richmond	12/23/1986	\$150,000	\$100,000	CLINIC-MH
Burt Center	San Francisco	6/19/2003	\$125,000	\$115,420	GH-MD
Hermanidad Mexicana Nacional	Los Angeles	4/25/2004	\$100,000	\$21,500	CLINIC-PC
Loan Size: Less than \$1,000,000		24	\$13,130,000	\$10,268,130	
	Grand Totals	171	\$1,510,627,148	\$1,326,170,590	

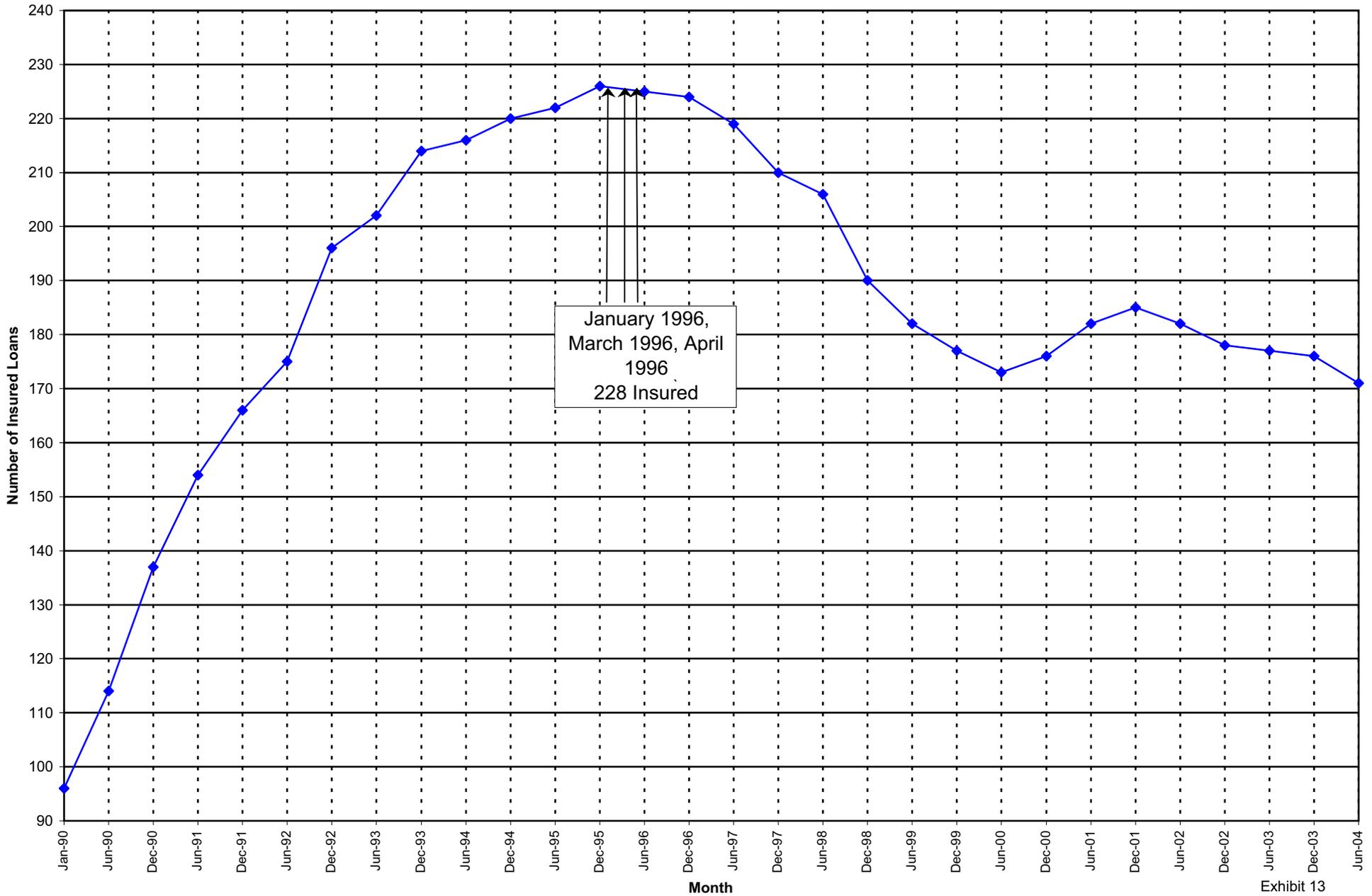
- ADC: DD - Adult Day Care: Developmentally Disabled
- ADHC - Adult Day Health Care
- BB - Blood Banks
- CDRF - Chemical Dependency Recovery Facility
- CDC: DD - Child Day Care: Developmentally Disabled
- Clinic: AIDS - Clinic: AIDS
- Clinic: MH - Clinic: Mental Health Clinic: Mental Health
- CLINIC: MULTI - Clinic: Multi-Specialty and Diagnostic Services
- Clinic: PC - Clinic: Primary Care
- GH: DD - Group Home: Developmentally Disabled
- GH: DD & MD - Group Home: Developmentally Disabled and Mentally Disabled or Emotionally Disturbed
- GH: MD - Group Home: Mentally Disabled or Emotionally Disturbed
- Hosp: Dist - Hospital: District
- Hosp - Hospital: General Acute Care
- ICF: DD - Intermediate Care Facility: Developmentally Disabled
- Multi: CCRC - Multi-level Facility: CCRC
- Multi: Other - Multi-level Facility: Other (Month-to-Month)
- SNF - Skilled Nursing Facility: Stand Alone

**Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division
Insured Risk**

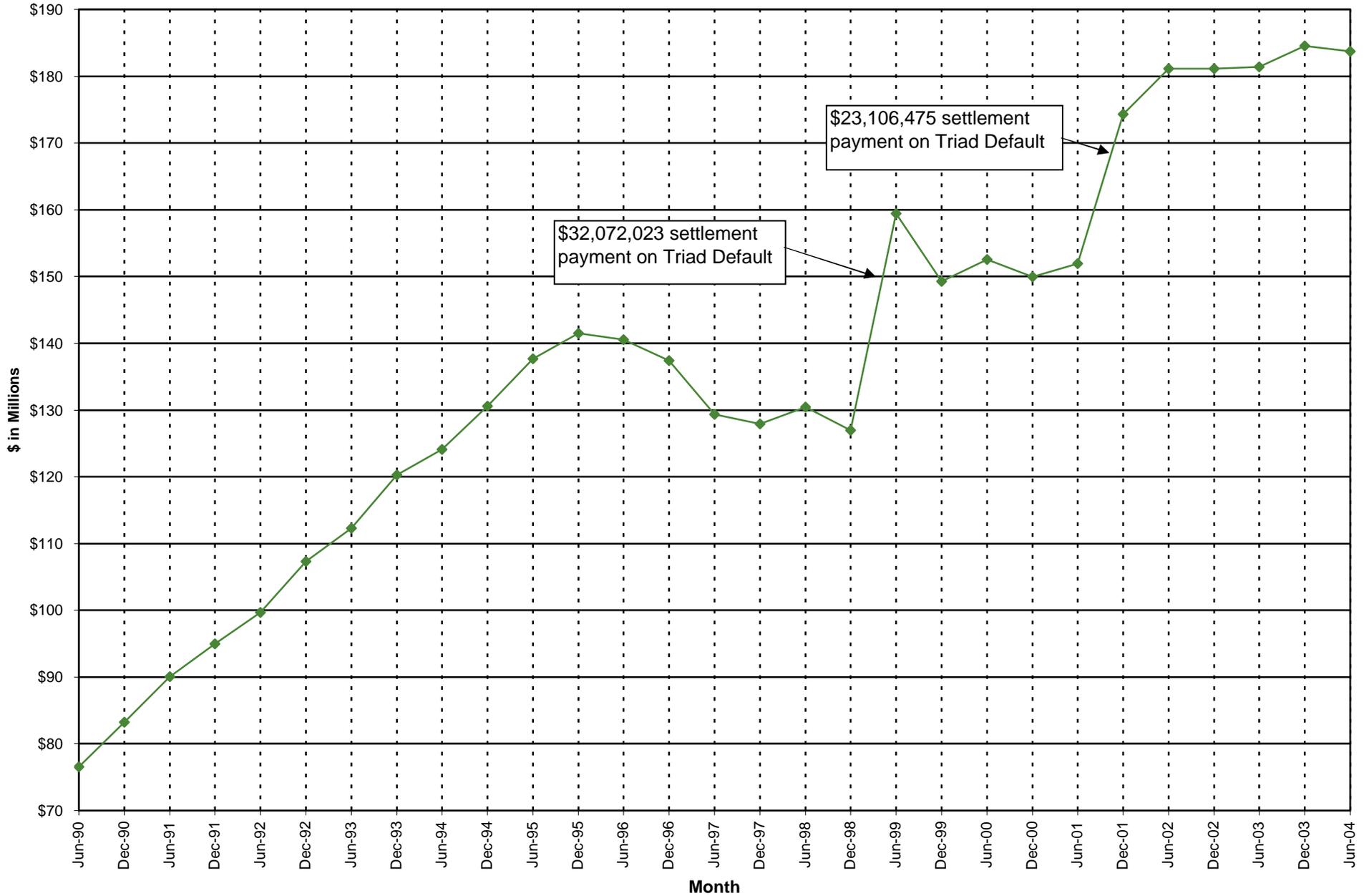
January 1990 through June 2004
(Maximum Risk Allowed By State Law is \$3 Billion)



Office of Statewide Health Planning and Development
 Cal-Mortgage Loan Insurance Division
Number of Insured Loans
 January 1990 through June 2004



**Office of Statewide Health Planning and Development
 Cal-Mortgage Loan Insurance Division
 Cash Balance in Health Facility Construction Loan Insurance Fund (HFCLIF)
 June 1990 through June 2004**

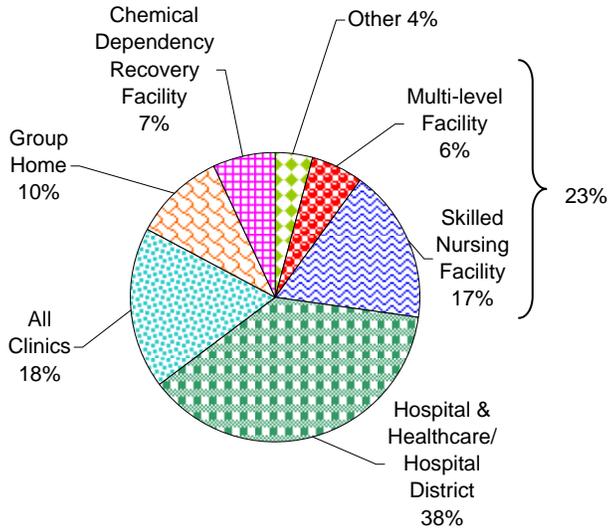


Office of Statewide Health Planning and Development
 Cal-Mortgage Loan Insurance Division

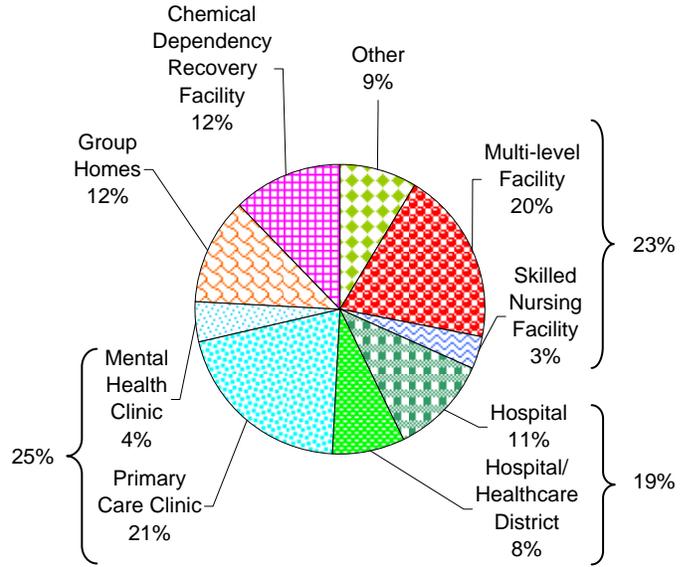
Percentage of Types of Projects, by Total Number Insured

(as of June 30, 2004)

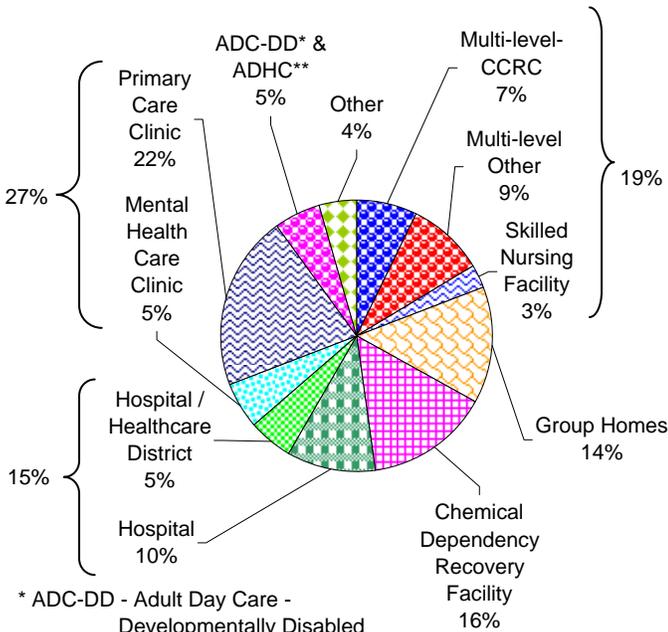
February 1992
 Total Number of Insured
 Projects: 172



June 1998
 Total Number of Insured
 Projects: 206

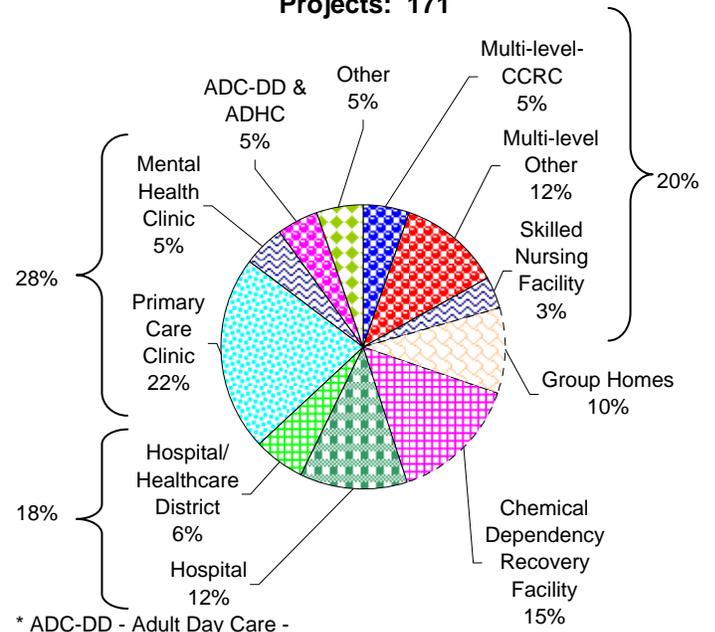


June 2001
 Total Number of Insured
 Projects: 182



* ADC-DD - Adult Day Care - Developmentally Disabled
 **ADHC - Adult Day Health Care

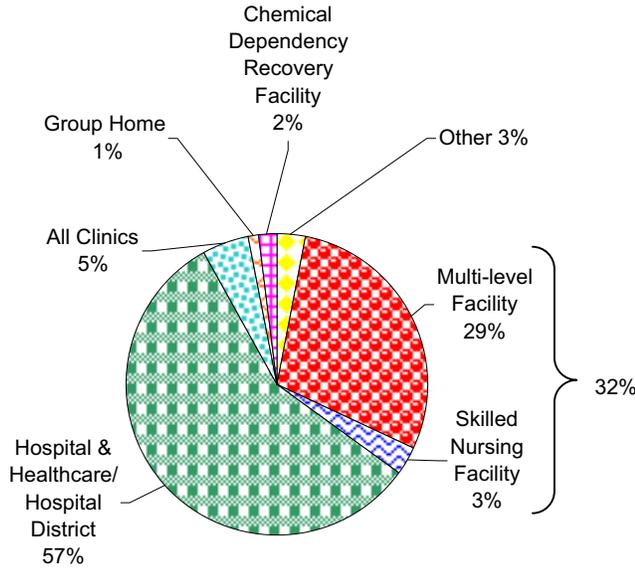
June 2004
 Total Number of Insured
 Projects: 171



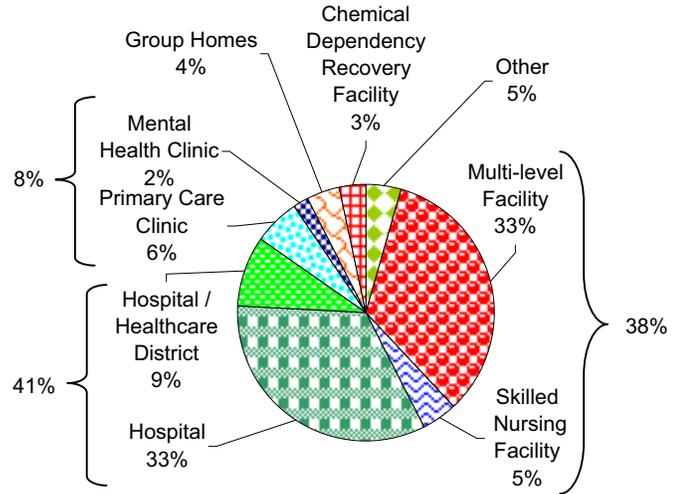
* ADC-DD - Adult Day Care - Developmentally Disabled
 **ADHC - Adult Day Health Care

Cal-Mortgage Loan Insurance Division Office of Statewide Health Planning and Development Percentage of Types of Projects, by Total Amount Insured (as of June 30, 2004)

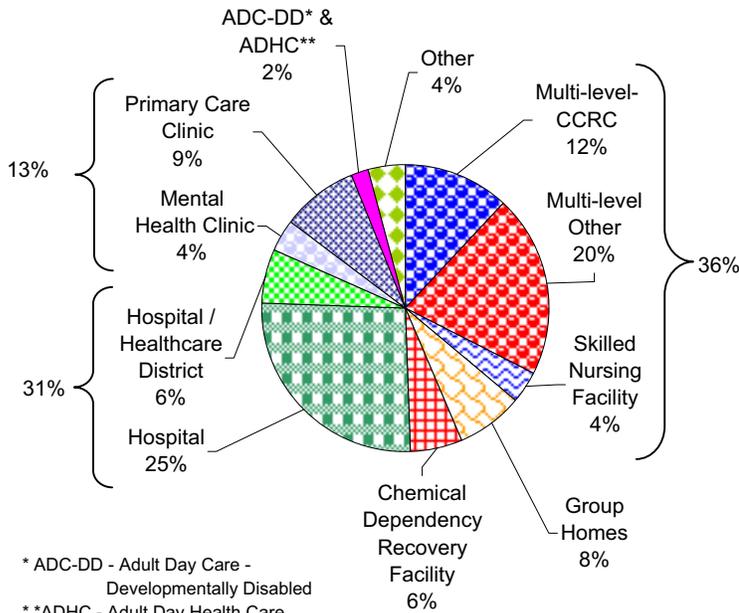
February 1992
Total Amount Insured:
\$1,868,723,454



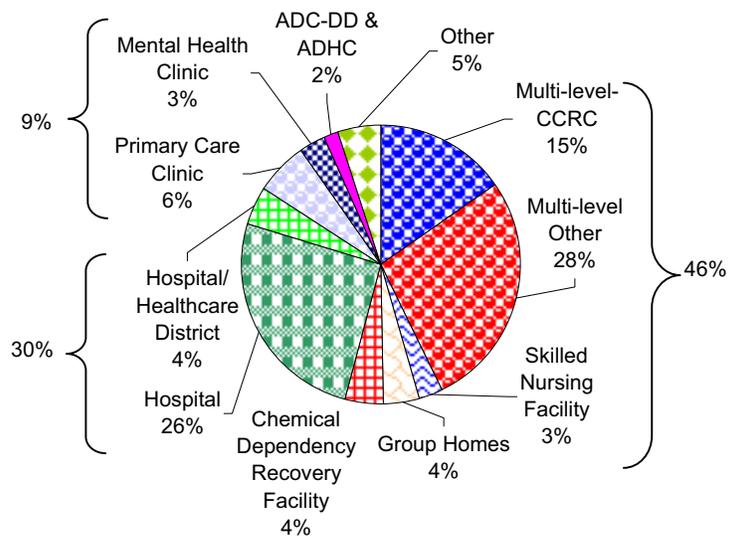
June 1998
Total Amount Insured:
\$1,626,319,299



June 2001
Total Amount Insured:
\$1,036,000,000



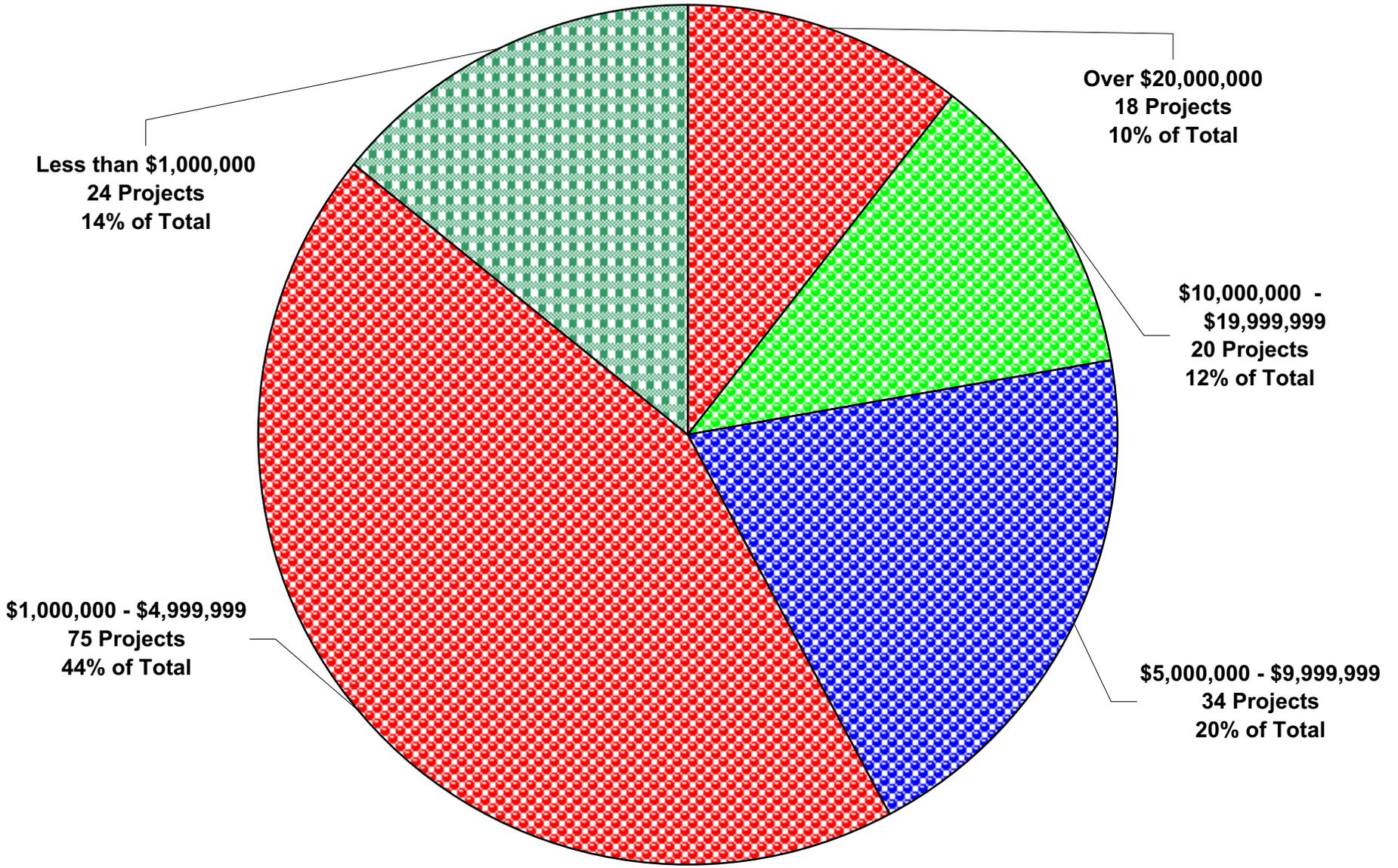
June 2004
Total Amount Insured:
\$1,329,588,053

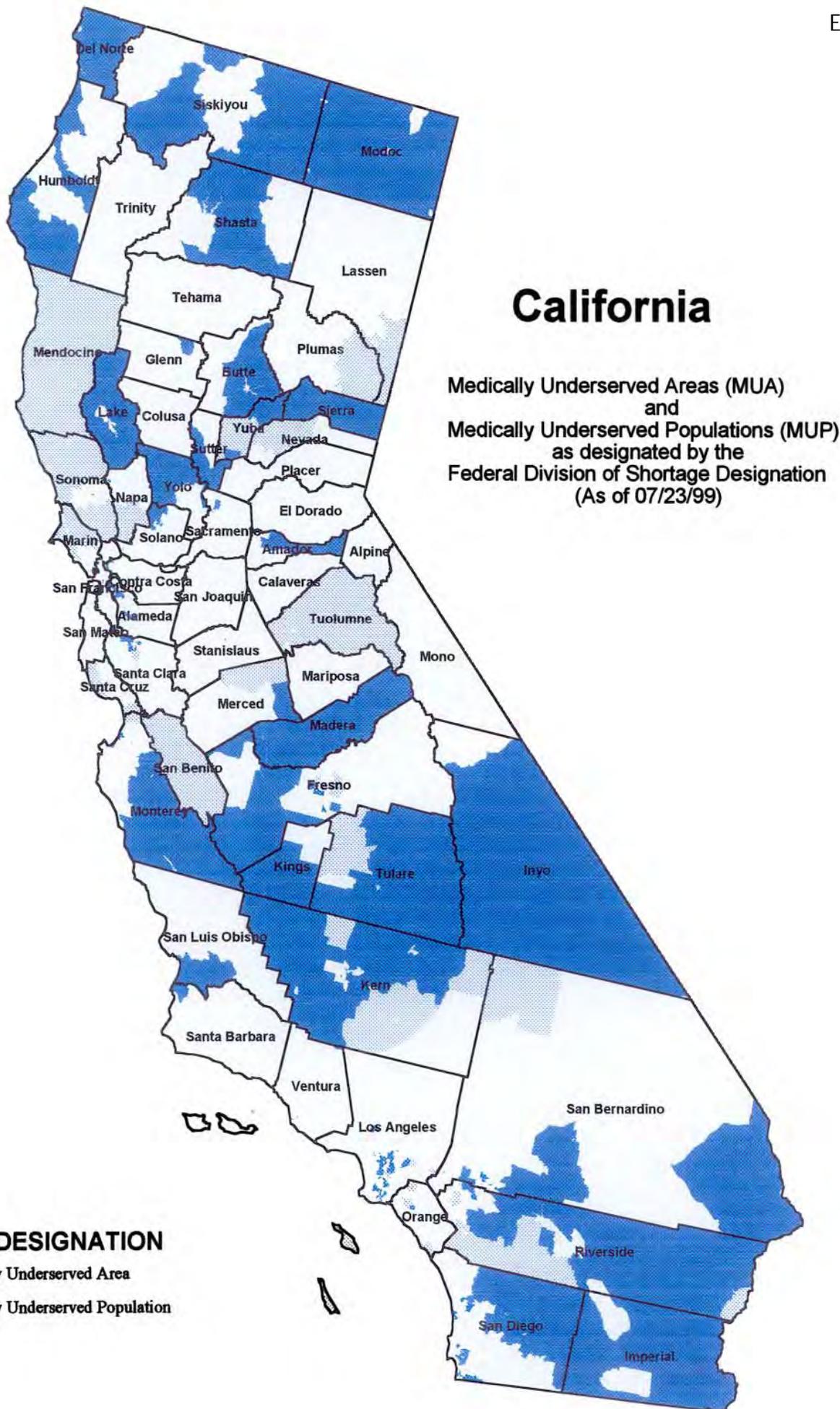


* ADC-DD - Adult Day Care - Developmentally Disabled
* *ADHC - Adult Day Health Care

* ADC-DD - Adult Day Care - Developmentally Disabled
* *ADHC - Adult Day Health Care

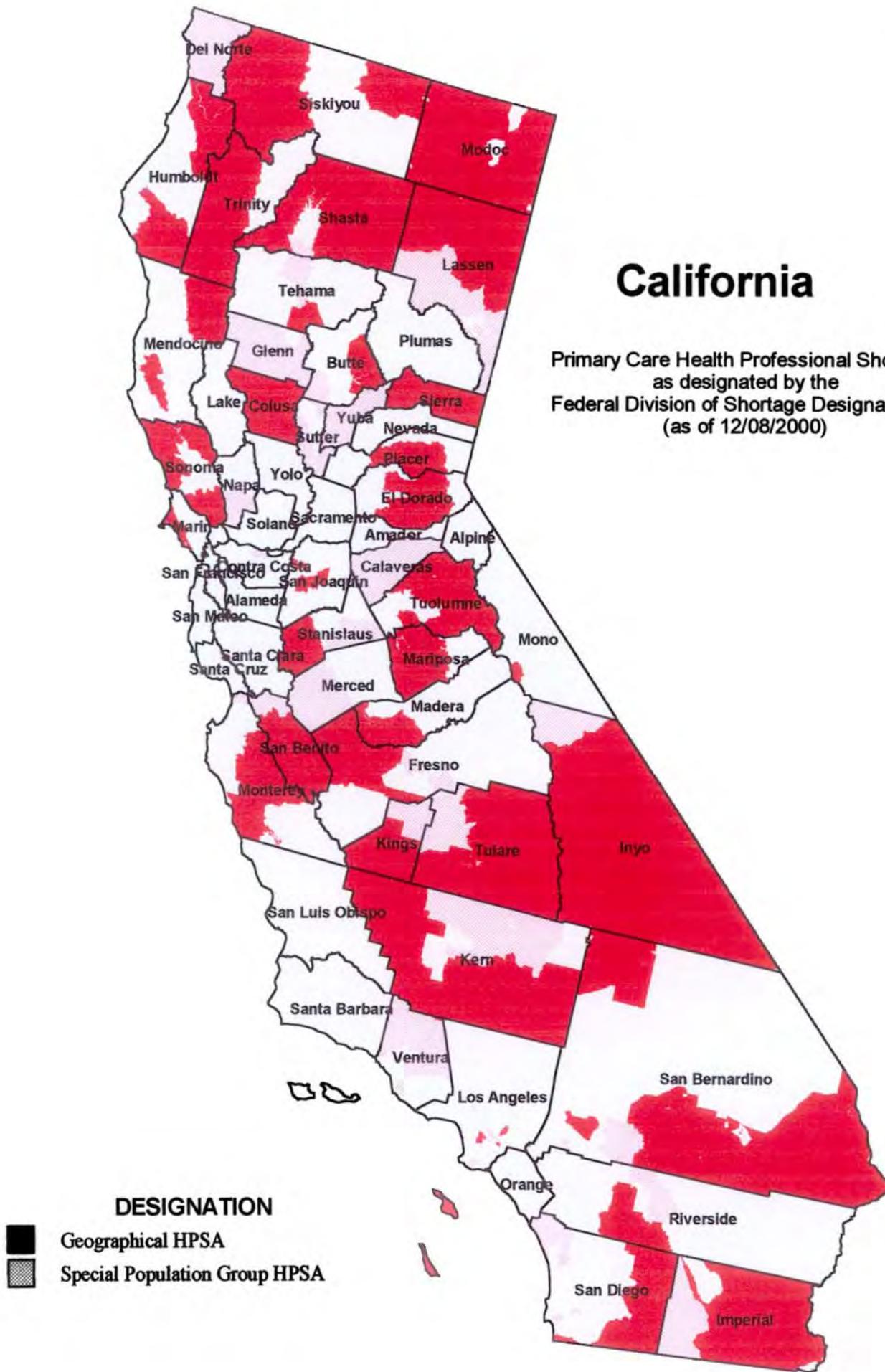
Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division
Number of Insured Projects by Size of Insured Amount
as of June 30, 2004

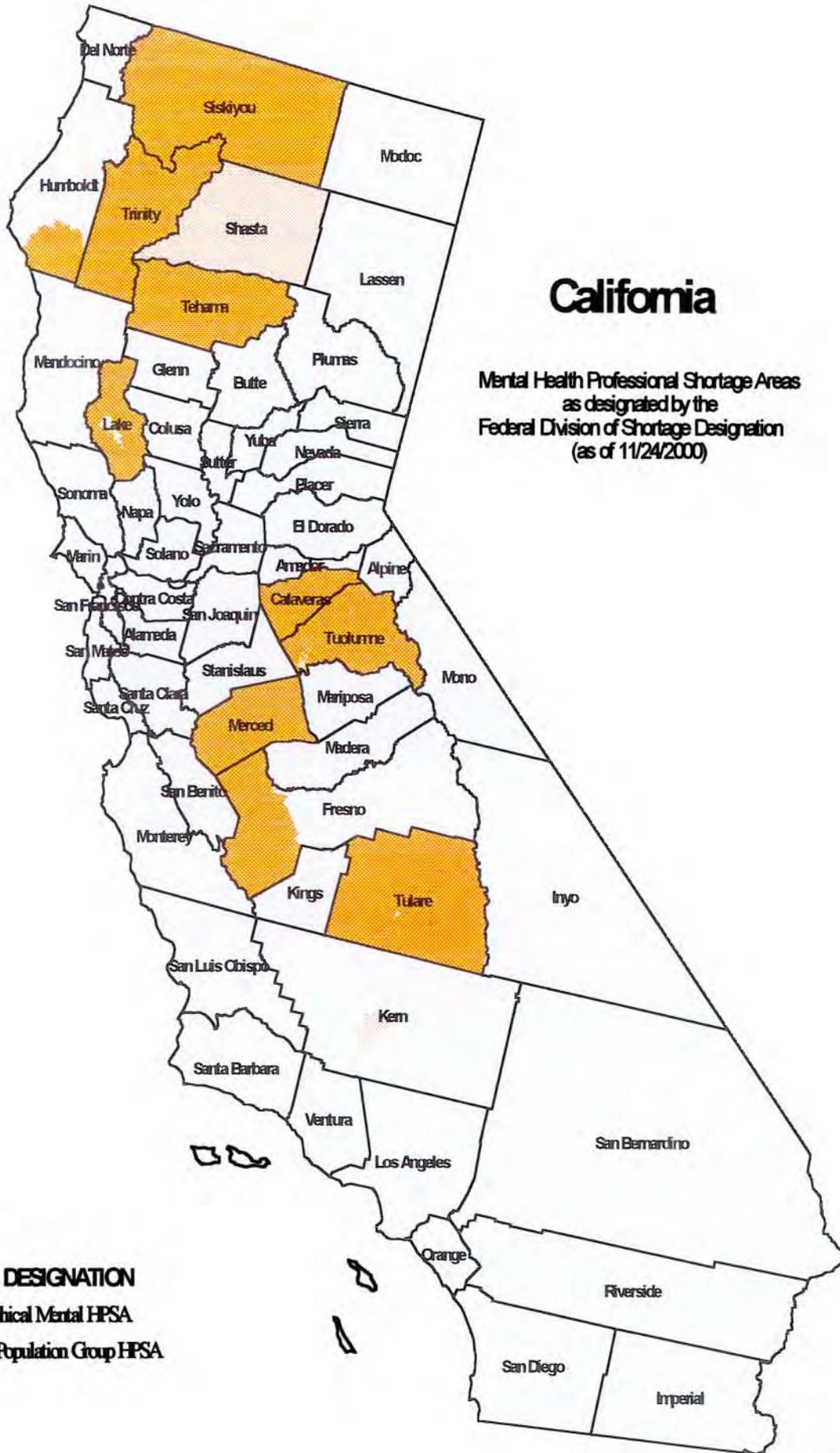


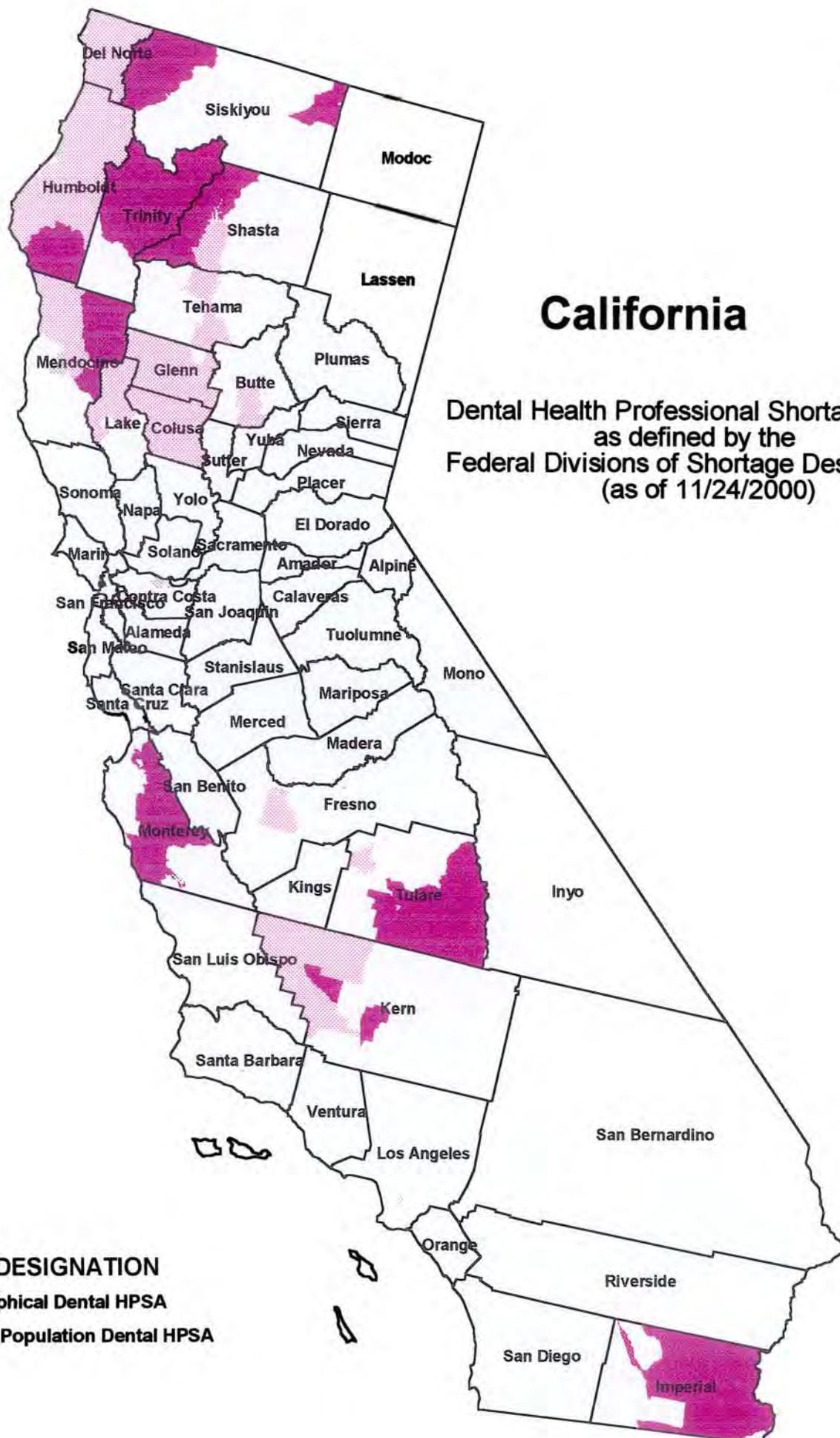


California

Primary Care Health Professional Shortage Areas
as designated by the
Federal Division of Shortage Designation
(as of 12/08/2000)







What is Loan Insurance?

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

A **borrower** receives financial value in having loan insurance. The **lender** (bondholders, investment bankers, etc.) recognizes this guarantee and loans funds to the **borrower** at lower interest rates. Because in the financial markets, a **borrower** with a stronger credit rating pays lower interest rates. And conversely, a **lender** demands higher interest rates from a **borrower** with a weaker credit rating. See attached graph (**Exhibit 22**, page 2).

Loan insurance improves the credit rating of the **borrower**. The credit rating of the **insurer** is “transferred” to the **borrower**. And, the **borrower** receives the economic benefit of lower interest costs which offsets the loan insurance premium. See attached example (**Exhibit 22**, page 3). Financial consultants and investment bankers advise the **borrower** of this trade-off and calculate the cost-benefit relationship.

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

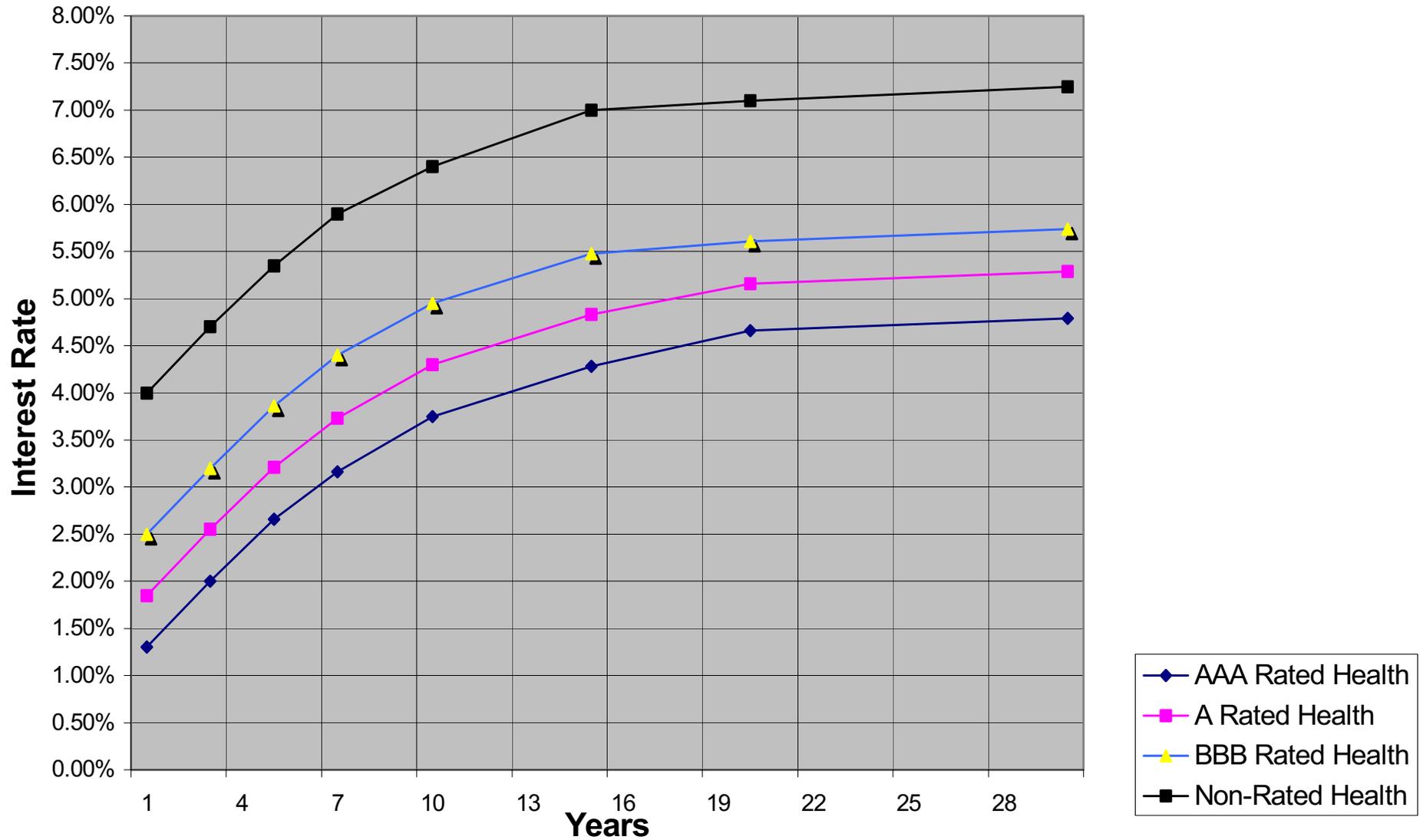
What is “Wrap” Loan Insurance and How is it Used?

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

When the State’s (and the Program’s) credit rating was revised in July 2003 from “A” to “BBB”, interest rates increased for applicants and borrowers on new loans. (Refer to the attached graph as an example.) Some borrowers and financial consultants found a mechanism to augment the Program’s loan insurance by purchasing commercial “wrap” loan insurance. This loan insurance wraps around the Loan Insurance Program (and the State) and guarantees that this Program’s funds (or the State’s) would, if necessary, pay the lenders. Following the economic exchange described above, these commercial loan insurance companies had very strong credit ratings (“AAA” or “AA”), which allowed the borrowers to borrow at even lower interest rates and more than offset the additional “wrap” insurance premium cost.

The State’s credit rating was upgraded on August 25, 2004 to “A”.

Yield Curve Example



Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

Comparison of Examples of
Debt Without and With Loan Insurance

	<u>Without</u>	<u>With</u>
Amount	\$ 10,000,000	\$ 10,600,000
Term	30 years	30 years
Credit Rating	Unrated	A
Interest Rate	7.0%	6.0%
Monthly Payment	\$ 67,155	\$ 64,173

Office of Statewide Health Planning and Development

Cal-Mortgage Loan Insurance Division

300 Capitol Mall, Suite 1500
Sacramento, California 95814
(916) 324-9957
Fax (916) 445-2837 or (916) 327-5688
www.oshpd.ca.gov/calmort

April 8, 2005

[Name]
[Title]
[Corporation]
[Street Address]
[City, State Zip]

**Sample Letter
General Notice with Copy**

Subject: **Draft 2005 State Plan**

Dear Mr. or Mrs. ... :

The Cal-Mortgage Loan Insurance Division (**Cal-Mortgage**) of the Office of Statewide Health Planning and Development (**OSHDP**) has completed its Draft 2005 State Plan. Enclosed is a copy of the Draft 2005 State Plan for your review and comment.

The Draft 2005 State Plan is an update of the 2001 State Plan. The purpose of the State Plan is to provide a frame of reference for OSHDP to assess applications for loan insurance and to focus the California Health Facility Construction Loan Insurance Program on equitable health care accessibility for California.

Written comments on the Draft 2005 State Plan may be submitted to Cal-Mortgage at the street address at the top of this letterhead or via e-mail to cminsure@oshpd.ca.gov by Friday, April 29, 2005.

After comments are reviewed, a Final 2005 State Plan will be prepared and distributed.

If you need further information or have questions, please contact George Fribance at (916) 327-2254 or gfribanc@oshpd.ca.gov.

Sincerely,

Dale A. Flournoy
Deputy Director



Office of Statewide Health Planning and Development

Cal-Mortgage Loan Insurance Division

300 Capitol Mall, Suite 1500
Sacramento, California 95814
(916) 324-9957
Fax (916) 445-2837 or (916) 327-5688
www.oshpd.ca.gov/calmort

April 13, 2005

(Title) (First Name) (Last Name)
(Job Title)
(Company)
(Address)
(City), (State) (Postal Code)

**Sample Letter
Notice to Insured Borrowers**

Subject: **Draft 2005 State Plan**

Dear (Title) (Last Name):

The Cal-Mortgage Loan Insurance Division (**Cal-Mortgage**) of the Office of Statewide Health Planning and Development (**OSHDPD**) has completed its Draft 2005 State Plan. The Draft 2005 State Plan is available for public review and comment. You may obtain a copy by completing and returning the attached request form to Cal-Mortgage.

The Draft 2005 State Plan is an update of the prior State Plan. The purpose of the State Plan is to provide a frame of reference for OSHDPD to assess applications for loan insurance and to focus the California Health Facility Construction Loan Insurance Program on equitable health care accessibility for California.

Written comments on the Draft 2005 State Plan may be submitted to Cal-Mortgage by mail or via e-mail to cminsure@oshpd.ca.gov by Friday, May 20, 2005.

After comments are reviewed, a Final 2005 State Plan will be prepared and distributed. A copy of the Final 2005 State Plan may be obtained by checking the appropriate space on the attached request form and returning the request form to Cal-Mortgage.

If you need further information or have questions, please contact George Fribance at (916) 327-2254 or gfribanc@oshpd.ca.gov.

Sincerely,

Dale A. Flourney
Deputy Director



Mail or Fax this request form to:

Cal-Mortgage Loan Insurance Division
Attention: George Fribance
300 Capitol Mall, Suite 1500
Sacramento, CA 95814

Fax (916) 445-2837

To receive an electronic copy (CD-ROM) via mail:

- Please send a CD-ROM with the "Draft" 2005 State Plan.
 Please send a CD-ROM with the "Final" 2005 State Plan.

To receive a paper copy via mail:

- Please send a paper copy of the "Draft" 2005 State Plan.
 Please send a paper copy of the "Final" 2005 State Plan

Mail to: (Name) _____
(Title) _____
(Facility) _____
(Address) _____
(City) _____

Or E-mail your request with the above information to: gfribanc@oshpd.ca.gov

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



May 3, 2005

Dale A. Flournoy, Deputy Director
Cal-Mortgage Loan Insurance Division
Office of Statewide Health Planning
and Development
300 Capitol Mall, Suite 1500
Sacramento, California 95814

Dear Mr. Flournoy:

Thank you for the opportunity to review a copy of the Draft 2005 State Plan for the California Health Facility Construction Loan Insurance Program. We have reviewed the draft plan and feel that the elements of the plan affecting community care facilities are consistent with the Department's vision and goals for the licensing program for these facilities. In particular, we are pleased that one of the priority needs identified is for projects that provide services to keep people with special needs functioning optimally in a community-based environment. We do not have any substantive written comments to submit on the plan.

Again, thank you for the opportunity to review the plan. If you have any questions, please contact me at 657-2598, or Jo Frederick, Deputy Director of the Community Care Licensing Division, at 657-2346.

Sincerely,

A handwritten signature in cursive script that reads "Dennis J. Boyle".

DENNIS J. BOYLE
Director

Cal-Mortgage
Loan Insurance

MAY 06 2005

OSHPD
Sacramento, CA

State of California—Health and Human Services Agency
Department of Health Services



California
Department of
Health Services

SANDRA SHEWRY
Director

ARNOLD SCHWARZENEGGER
Governor

May 6, 2005

Dale A. Flourney
Deputy Director
Cal-Mortgage Loan Insurance Division
Office of Statewide Health Planning and Development
300 Capitol Mall, Suite 1500
Sacramento, CA 95814

Dear Mr. Flourney:

On behalf Director Sandra Shewry, I would like to thank you for the opportunity provided to the Department of Health Services (DHS) to review the *Draft 2005 State Plan* of the California Health Facility Contraction Loan Insurance Program. It has given us not only important historical information on the program, but also previewed the goals and objectives that your department endeavors to achieve in the next two years. Sharing this information between health departments helps align our efforts in ensuring the availability and provision of quality health services to the people of California.

I would like to note two items related to the draft report that, although are not specific edit suggestions, may further strengthen the coordination between our departments in monitoring the financial soundness of participating facilities, which correlate directly to their ability to comply with our respective program requirements:

1. Section 1, F of the report, on information related to defaulted loans requiring payments by Cal-Mortgage. While quarterly meetings are held between your office and representatives from various divisions in DHS to share information and updates on facility participants in the program, we would like to request that our Licensing and Certification Program (L&C) be notified as soon as you become aware of precarious financial conditions with your mortgagees. Specifically, we would like to receive information related to potential bankruptcies and related facility sales or changes of ownership that will impact the business viability of the insured facility. Besides requiring that these matters be reported to L&C under state licensure and federal certification laws and regulations, we want to be able to anticipate all possibilities of patient/resident/client care issues, including transfers or enforcement actions that may result from poor financial management.

Licensing and Certification Program, MS 3000, P.O. Box 997413, Sacramento, CA 95899-7413
Phone (916) 440-7360 FAX (916) 440-7369
Internet Address: www.dhs.ca.gov

Cal-Mortgage
Loan Insurance

~~MAY 26 2005~~

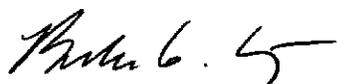
OSHPD
Sacramento, CA

Dale A. Flourney
Page 2
May 6, 2005

2. We also note that we have been remiss in our attendance at the above-mentioned quarterly meetings (Maria Paman, Chief of the Provider Certification Section was temporarily assigned to a different branch for six months). We will resume regular attendance at these meetings. As a side note, Ms. Paman has reported that the system of notification requested by your office related to certification enforcement actions against your insured facilities has been fully implemented and is working effectively.

Thank you once again allowing us to be part of the preparation of your 2005 program plan. Please contact Maria Paman, at (916) 552-8761, if you have questions regarding this letter.

Sincerely,



Brenda G. Klutz
Deputy Director



Financial / Management Consulting • Import / Export Services

April 29, 2005

Dale A. Flournoy, Deputy Director
Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division
300 Capitol Mall, Suite 1500
Sacramento, CA 95814

Dear Mr. Flournoy:

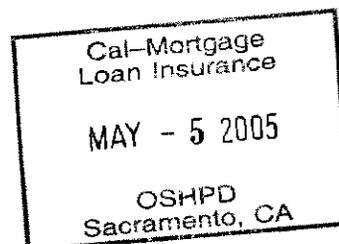
As per your request these are my comments on the 2005 Draft State Plan.

I am concerned that Cal-Mortgage is becoming inaccessible to the smaller borrower as documented by the decrease in the new small projects. The Draft 2005 State Plan indicates that the average loan amount for the new 12 projects averaged \$38 million. Based on my own experience working with projects such as L.A. CADA, I have found that the review and requirements are in many areas more rigorous than that private financing requires. The creation of Cal-Mortgage was conceived as a way to increase access to capital to the non-profit community based health care organizations serving the medically underserved population. Access barriers continue to preclude small facilities from utilizing the Cal-Mortgage program, including:

1. The requirement that a maximum guarantee construction contract be in place before closing. This requires small facilities to spend up to 10% up front before they are assured of the loan guarantee.
2. The guarantee fee charged up front which averages 5.3% of the loan amount coupled with the 12 month debt service reserve requirement which average 7.1% of the loan amount, increases the loan amount by 12.4%. These added financing requirements scares the small facilities away.

I would recommend go back to the old system by which the guarantee fee was added to the bond rate. I believe serious considerations to these issues must be given in order for Cal-Mortgage to meet 5 of the 9 Guiding Principles, including:

- Access to Capital
- Equitable Accessibility to Care
- Community Need
- Diversification of Portfolio
- Obligation to Provide Community Service



April 29, 2005
Dale A. Flournoy, Deputy Director
Page Two

If you have any questions regarding my comments please call me. Thank you for giving me the opportunity to comment.

Sincerely,



Gilbert Servin
CEO

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division

2005 State Plan

OSHPD Response to Written Comments

Exhibit 25A: Letter from Dennis J. Boyle, Director
Department of Social Services

Response: OSHPD appreciates the complement about the 2005 State Plan. Cal-Mortgage looks forward to working with healthcare facilities that work with the Department of Social Services.

Exhibit 25B: Letter from Brenda G. Klutz, Deputy Director
Licensing & Certification, Department of Health Services

Response: OSHPD appreciates the complement about the 2005 State Plan. Cal-Mortgage looks forward to strengthening the coordination between the Department of Health Services and OSHPD. Our quarterly meetings have been very helpful in sharing information.

Exhibit 25C: Letter from Gilbert Servin, CEO
CAGSI International, Inc.

Mr. Servin made two suggestions about the Loan Insurance Program. Those suggestions were discussed with the Advisory Loan Insurance Committee and OSHPD Director.

(1) The first suggestion was to not require a construction contract before closing.

Response: It is felt that prudent project and financial management dictate that a construction contract be in place before the loan closing, especially in this time with hyper-inflation of construction materials. OSHPD understands the need for borrowers to be assured of having loan insurance at closing and believes that the six-month OSHPD Letter of Commitment satisfies that need.

(2) The second suggestion was to revert to the prior insurance premium method of charging an annual fee.

Response: When the up-front premium (3% of debt service) was adopted in 2000, it was determined by analyzing the premium amount paid with the prior method of 0.5% on the annual outstanding loan balance. It was calculated so, that over the full life of a loan, the two methods are equivalent.

Additional copies of this report may be obtained by contacting
Cal-Mortgage Loan Insurance Division.

Office of Statewide Health Planning and Development
Cal-Mortgage Loan Insurance Division
300 Capitol Mall, Suite 1500
Sacramento, CA 95814
(916) 324-9957 FAX (916) 445-2837
E-mail: cminsure@oshpd.ca.gov

*“Equitable Healthcare
Accessibility for California”*