Application Package

Edmund G. Brown Jr., Governor
State of California

Michael Wilkening
Health & Human Services Agency

Robert P. David, Director
Office of Statewide Health Planning & Development

Jeremy P. Marion, Deputy Director
Cal-Mortgage Loan Insurance Division
2020 West El Camino Avenue, Suite 1231
Sacramento, CA 95833
(916) 319-8800
Fax: (916) 445-2837
E-mail: cminsure@oshpd.ca.gov
Web Address: www.oshpd.ca.gov/calmort

"Access to Safe, Quality Healthcare Environments that Meet California’s Dynamic and Diverse Needs"
Cal-Mortgage Loan Insurance Application Package

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Cal-Mortgage Loan Insurance Premium Fee Schedule

Revised August 2018
This document describes the steps involved in the processing and approving of loan insurance applications from the Cal-Mortgage Loan Insurance Division of the Office of Statewide Health Planning and Development (OSHPD). The Pre-Application/ application form provides the information and “check list” of the documents that applicants need to provide.

Applicants are encouraged to contact Cal-Mortgage staff early. The pre-application phase is set up to determine eligibility as soon as possible in the process to save the applicant effort and funds. During the application submission phase, information and documents can be submitted in increments, allowing Cal-Mortgage staff time to review them, to identify any questions, and to resolve them with the applicant. Depending upon the needs of the applicant a staged application process can be arranged.

Additional information about the Cal-Mortgage Loan Insurance Program, including its program priorities, appears in the Cal-Mortgage State Plan. A copy can be found online at the Cal-Mortgage web site: www.oshpd.ca.gov/calmort.

Please note that financial statements and other information submitted to Cal-Mortgage are not considered confidential information under the California Public Records Act and may be disclosed upon request.

The Cal-Mortgage Loan Insurance Program is regulated by Chapter 1, Part 6, Division 107, commencing with Section 129000 of the Health and Safety Code and other laws. Upon request, a paper copy or CD-ROM can be provided. The Insurance Law is available online at the following website: www.leginfo.ca.gov.

I. Pre-Application Review:

In this first step, the borrower completes and submits a signed Pre-Application form and provides copies of the requested documents. Cal-Mortgage staff reviews the Pre-Application to determine applicant eligibility.
To be eligible for loan insurance the applicant must be a California non-profit public benefit corporation and a 501(c)(3) entity under the IRS Code organized to own and operate a health facility, or a political subdivision, a facility providing health services, and assure that its services will be available to all persons residing in the facility’s service area. For additional detail on eligibility requirements, refer to Section 129010 (g) and Section 129050 of the Insurance Law.

The $500 application fee need not be sent at this stage.

Upon the receipt and review of the Pre-Application information, Cal-Mortgage staff (Account Manager) will contact the applicant and schedule a site visit to the existing campus of the applicant and, if applicable, the proposed project site. The Account Manager will review the approval process with the applicant and answer any questions. The Account Manager will advise the applicant of any eligibility, structural, or feasibility issues, and provide guidance on how the applicant should proceed through the application process.

II. Application Submission and Review:

The next step is for the applicant to complete the signed Application form and begin submitting information and copies of documents. The applicant must submit a $500 non-refundable application fee. Checks should be made payable to “Office of Statewide Health Planning and Development.”

The applicant submits two (2) copies of the required documents in separate binders (three ring or Acco fasteners on the left side). Documents may be submitted in stages or all at once. The binders should include tabbed dividers which are numbered and organized as listed in the Pre-Application/Application form. If a particular item is not applicable, the appropriately numbered item should be described as “Not Applicable.”

After review of these application materials, and if the Account Manager believes the project to be financially feasible, a Project Summary and Feasibility Analysis (PS&FA) is prepared. The PS&FA includes a recommendation for the application and a proposed set of conditions. The Deputy Director of the Cal-Mortgage Loan Insurance Division determines whether or not to recommend approval of the loan, and if so, with what conditions.

If approval is recommended, Cal-Mortgage staff will schedule the application for a meeting of the Advisory Loan Insurance Committee. The Account Manager will notify the applicant to submit twelve (12) additional sets of the Application, with copies of sections A; B (1-3); C (7-8); D (1 – 3, & 8,11,12,14, 17, 19 & 22-24); E; and F (6).

If Cal-Mortgage staff does not recommend the application for approval, Cal-Mortgage staff will notify the applicant in writing.
III. **Review by the Advisory Loan Insurance Committee:**

The next step is consideration of the application and staff’s recommendation by the Advisory Loan Insurance Committee (Committee) at a public meeting. The Committee, composed of health care industry experts, provides the Director with additional analysis and advice with respect to the application. After its deliberation regarding an application, the Committee decides whether to recommend the loan to the OSHPD Director for approval.

The decision to grant loan insurance upon an application of the borrower is within the discretion of the Director for the Office. Showing need for the project or meeting the eligibility requirements for loan insurance and establishing financial feasibility of the project or recommendation for approval from the committee does not create any entitlement to loan insurance.

IV. **Issuance of Conditional Loan Insurance Commitment:**

If the OSHPD Director concurs with the recommendation of Cal-Mortgage staff and the Advisory Loan Insurance Committee to approve the application, OSHPD will issue a letter of commitment to insure the loan. This letter of commitment specifies conditions the applicant must meet prior to the sale of the Bonds and the closing of the insured loan transaction. Such conditions typically include demonstration that required documents and actions have been completed as listed in the following two steps, and may also include conditions intended to improve the financial feasibility of the loan or reduce the risk to the Cal-Mortgage Loan Insurance Program. Commonly, the term of the commitment to insure the applicant’s loan normally 6 months and may be extended.

V. **Preparation for Marketing the Bonds:**

Prior to sale or pricing of the bonds, the following documents must be received and approved by Cal-Mortgage staff. If any information previously submitted to Cal-Mortgage has changed, the applicant must provide that revised information.

- One copy of all draft closing documents, generally forwarded electronically to the Account Manager, Supervising Account Manager and Program Staff Counsel.

- Evidence that all conditions in the Letter of Commitment (LOC) from OSHPD have been satisfied, for example:
  
  Copy of the preliminary Source and Use of funds

  Copy of preliminary debt service schedule
An ALTA Lenders proforma title policy must be provided for all real property pledged as collateral for the bonds in a form acceptable to OSHPD, with OSHPD designated as a co-beneficiary in an amount equal to the bond par amount for the loan, that may include all of the following endorsements in addition to others, as required by OSHPD:

a. CLTA Form 100, or ALTA Endorsement 9.3-06;
b. ALTA Endorsement 9.5-06 or 9.3;
c. CLTA Form 103.4 or 103.7, or ALTA Endorsement 17-06 or 17.1-06;
d. CLTA Form 116 or ALTA Endorsement 22.1-06; and
e. CLTA Form 116.4, or ALTA Endorsement 19-06.

Current Phase I Environmental Site Assessment Review by California Department of Toxic Substance Control (DTSC), see Exhibit E.

Evidence of insurance coverage

If construction is part of the loan:

a. A certification from the architect that (a) the final set of the architectural plans and (b) the construction materials outline specifications for the entire project are complete and available to Cal-Mortgage upon request.
b. Copy of the draft construction contract to be executed, with a fixed limit of construction cost (not-to-exceed price) for the entire project.
c. The name of the contractor who has been awarded the construction contract.
d. Copies of all building permits and governmental agency approvals required for the project.

For the acquisition of residential units, a pest (including termites) inspection indicating there is not a pest problem.

VI. Closing the Insured Loan Transaction:

Prior to the closing: The following shall be provided to OSHPD:

If any of the above information has changed, the applicant shall provide that revised information.

Copy of the final Source and Use of funds breakdown and a debt service schedule prepared by the underwriter after the Bonds have been priced.

If construction is part of the loan:

- Copy of the executed construction contract, including all amendments or additions, and all correspondence between the contractor and the applicant.
• Evidence of fire and extended coverage for all work performed under contract and other improvements on the site against loss or damage to the extent of replacement value covered by the standard extended coverage insurance endorsement. The policies shall include a standard mortgage clause making any loss payable to the mortgagee and OSHPD, as their interest may appear.
• Evidence of performance, payment, and materialman’s bonds in the amount of the construction contract for all contractors and subcontractors.

At the Closing: The following shall be provided to OSHPD:

ALTA Lender’s title policy, with OSHPD designed as a beneficiary in an amount equal to the Bonds with required endorsements.

Collateral: OSHPD must receive a security interest in the Corporation’s properties secured through (generally) first deeds of trust, fixture filings, Uniform Commercial Code (UCC’s) and a gross revenue pledge with Deposit Account Control Agreements.

Post-Closing: The following shall be provided to OSHPD:

Documents: Cal-Mortgage shall be provided, at no cost to Cal-Mortgage, three copies of the transcript (closing documents), with the first copy being loose-leaf in a notebook, the second copy being a bound copy, and the third copy being an electronic copy.
Cal-Mortgage Loan Insurance Division  
Pre-Application/Application

<table>
<thead>
<tr>
<th>Applicant Information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Street Address (Main Office)</td>
</tr>
<tr>
<td>City &amp; State</td>
<td>Zip Code</td>
</tr>
<tr>
<td>Telephone Number</td>
<td>Project Contact Person/Title</td>
</tr>
<tr>
<td>Fax Number</td>
<td>E-mail Address</td>
</tr>
</tbody>
</table>

If a Pre-Application was submitted, update previously submitted information.

Eligibility: If the answer to both of the following two questions is No, you may not be eligible, please contact Cal-Mortgage for further information.

Is the applicant a corporation formed under or subject to the Nonprofit Public Benefit Law that is organized for the purpose of owning and operating a health facility and that also meets the requirements of Section 501(c)(3) of the Internal Revenue Code?

- [ ] Yes  
- [ ] No

Or, is the applicant a political subdivision?

- [ ] Yes  
- [ ] No

If Yes, please specify type

- [ ] City
- [ ] Joint Powers
- [ ] Other, Please Specify

- [ ] County
- [ ] Local hospital district

Healthcare Facility Category:

- [ ] Clinic
- [ ] Mental Health
- [ ] Group Home
- [ ] Developmentally Disabled
- [ ] CCRC
- [ ] Multi - Level
- [ ] SNF
- [ ] Intermediate Care Facility
- [ ] Hospital
- [ ] Adult Day Health Care
- [ ] Chemical Dependency Recovery Facility
- [ ] Other, Please Specify
Brief narrative describing the applicant’s organization and its history: (attach copy of narrative from brochure or other document).

<table>
<thead>
<tr>
<th>Amount Requested and projected loan amount: $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Street Address(es) of the project to be financed and insured:</td>
</tr>
<tr>
<td>Scope of project and purpose, specify healthcare services to be provided upon completion:</td>
</tr>
<tr>
<td>What is the expected project start date?</td>
</tr>
<tr>
<td>When will the project be complete?</td>
</tr>
</tbody>
</table>

Seismic Upgrade Status (for hospitals and multi-story skilled nursing facilities only)

Office of Statewide Health Planning and Development (OSHPD) regulations require that all general acute care hospitals and multi-story skilled nursing facilities meet specific seismic requirements.

1. List current NPC and SPC ratings on all required buildings. Describe the organization’s progress toward complying with OSHPD seismic requirements.

2. Provide any available cost estimates (preliminary or final) for completing seismic upgrades, if available.

3. Discuss any proposed or finalized financing options for identified seismic upgrades.

4. Discuss how bond proceeds will be used for seismic upgrades, if applicable.

Attach additional sheets if necessary.
**Estimated Project Sources and Uses of Funds – Summary**

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount ($)</th>
<th>Uses</th>
<th>Amount ($)</th>
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<tr>
<td>Owner’s Equity</td>
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<td>Retire Debt</td>
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<td>Fundraising</td>
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<td>Property Acquisition</td>
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</tr>
<tr>
<td>Grants</td>
<td></td>
<td>Construction/Remodel</td>
<td></td>
</tr>
<tr>
<td>Insured Loan</td>
<td></td>
<td>Equipment</td>
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</tr>
<tr>
<td>Loan(s)</td>
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<td>Contingency</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>Financing Costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

| Total Sources          | Total Uses |                  |            |

**Additional Financing Information:**

1. Describe what other access to capital the organization has to finance the proposed project. What is the status of any other pending applications or financing and any related details?

2. Describe the potential consequences your facility might experience if unable to secure financing for the proposed project.

3. Has the applicant ever borrowed money and not fully repaid the amount borrowed?

Attach additional sheets if necessary.

**Certification**

The undersigned representative of the applicant hereby certifies that all documents and information provided in conjunction with this loan request and pre-application/application form are true, accurate and represent the scope of business conducted by the applicant and the scope of the proposed project.

______________________________           ___________________
Signature, Title                                                                     Date
Pre-Application

Cal-Mortgage offers a Pre-Application phase to determine if the applicant is eligible for loan insurance. Submit the items listed below to start the Pre-Application process.

A. **Governance and Management:**

1. □ Governing Board: A list of names with occupations/professional background and when term expires.
2. □ Management organization chart
3. Resumes for the following:
   a. Chief Executive Officer/Executive Director/Administrator
   b. Chief Operating Officer (if applicable)
   c. Chief Financial Officer or Equivalent
   d. Medical Director (if applicable)
   e. Individual(s) responsible for managing the project (if applicable)

B. **Financial Information:**

1. □ Copies of the last three annual audited financial statements. Include copies of management letters and Management responses.
2. □ Copy of the last two most recently filed tax return (Form 990 and Schedules) and any correspondence from the Internal Revenue Service.
3. □ Copy of the most recent internally prepared financial statements, year-to-date (not more than two months old).
4. □ Comprehensive management discussion of any material changes in revenue, expenses, assets, and liabilities of the last three years audited and current interim financials.

Send Pre-Application to:
Office of Statewide Planning and Development
Cal-Mortgage Loan Insurance Division
2020 West El Camino Avenue, Suite 1231
Sacramento, CA 95833

Telephone: (916) 319-8800
Fax: (916) 445-2837
email: cminsure@oshpd.ca.gov
Web Address: www.oshpd.ca.gov/CalMort
Application

If a Pre-Application was submitted, update previously submitted information with any changes.

A. Governance and Management:

1. □ Governing Board: A list of names with occupations/professional background and when term expires
2. □ Management organization chart
3. Resumes for the following:
   a. □ Chief Executive Officer/Executive Director/Administrator
   b. □ Chief Operating Officer (if applicable)
   c. □ Chief Financial Officer or Equivalent
   d. □ Medical Director (if applicable)
   e. □ Individual(s) responsible for managing the project (if applicable)
4. □ If management is provided by contract, provide a copy of the contract.
5. □ Provide copy of executive staff succession plan.

B. Financial Information:

1. □ Copies of the last three annual audited financial statements. Include copies of management letters and management responses.
2. □ Copy of the last two most recently filed tax returns (Form 990 and Schedules) and any correspondence from the Internal Revenue Service.
3. □ Copy of the most recent internally prepared financial statements, year-to-date (not more than two months old).
4. □ Comprehensive management discussion of any material changes in revenue, expenses, assets, and liabilities of the last three years audited and current interim financials.
5. □ Latest actuarial valuation of retirement plan assets. If there are any underfunded pension liabilities, provide organization’s plan to fund the liability.
6. □ List of all restricted or encumbered cash and investments. Describe the restriction or encumbrance.

C. Corporation Information and Documentation:

Documents – Copies of:

1. □ Articles of Incorporation
2. □ By-laws
3. □ Current Internal Revenue Service 501(c)(3) designation letter
4. □ Current Franchise Tax Board tax-exempt designation letter
5. □ Current licenses to operate facilities
6. □ Board’s Investment Policy
7. □ Chart of the applicant’s structure (parents, affiliates, subsidiaries) including copies of any agreements with, or loans or guarantees to or from, the applicant and/or “parent” corporation, obligated group or other entity.

8. □ Listing of all locations (service sites, administrative sites, or other property) with addresses and ownership status, also include lease terms and lease payment amounts for leased sites.

D. Project Planning:

Healthcare Services and Facilities:
1. □ Include a description of the proposed project, including healthcare services to be provided upon completion of the project. List any alternatives to the proposed project that were considered.

2. □ A brief design narrative explaining the functions and services in the proposed facility, which includes the number and types of rooms needed for the functions and services.

3. □ Include a facility (development) master plan, or a narrative description of the applicant’s plans for future development, acquisition of real property or growth over the term of the proposed borrowing, if any.

4. □ Include a narrative summarizing the organization’s current and projected participation in the Affordable Care Act highlighting all financial impacts.

5. □ Copy of the Deposit Subscription Agreement (if applicable)

6. □ Copy of the Care and Resident Services Agreement (if applicable)

7. □ Copy of lease or rental agreement if month-to-month (if applicable)

Financing and Feasibility:

8. □ Include a description of all consulting contracts, including all parties thereto, relating to the financing.

9. □ Include original commitment letters from the proposed issuer of the bonds or certificates of participation and from the Underwriter or Lender.

10. □ If the project includes a refinancing:
    □ Include a copy of promissory notes (if any) with complete description of original project financed, or Official Statements for prior bond issues and evidence of the current outstanding principal balances and amortization schedules of each debt to be refinanced. Include a refunding analysis showing the proposed new debt structure, sources and uses of funds, costs of issuance and net present value savings.
    □ If the project is only a refinancing that is not currently insured by OSHPD and if the refinancing is being undertaken for reasons other than debt service savings, explain the reasons.
11. □ Applicant’s Financial Feasibility Study, (follow financial feasibility study guidelines in Exhibit A). Note that for small projects, generally those less than $5 million, the applicant should consult with its Account Manager regarding the possibility of using internally prepared financial projections.
   □ Complete and attach the Certification of Feasibility Consultant found in Exhibit A.

12. □ List of grants, contracts and other information that support revenue forecasts, including grantor, amount, effective date, and whether it is a one time or renewable source of revenue.

13. □ Distribution list of financing team participants.

14. □ Proposed project timeline with all critical path milestones.

15. □ Preliminary title report for all real property pledged as collateral for the bonds.
   □ Prior to close, the applicant must provide a Pro Forma ALTA Lenders title policy for all real property pledged as collateral for the bonds in a form acceptable to the OSHPD, with OSHPD designated as a co-beneficiary in an amount equal to the bond par amount for the project, that may include all of the following endorsements in addition to others, as required by OSHPD:
   a. CLTA Form 100, or ALTA Endorsement 9.3-06;
   b. ALTA Endorsement 9.5-06 or 9.3;
   c. CLTA Form 103.4 or 103.7, or ALTA Endorsement 17-06 or 17.1-06;
   d. CLTA Form 116, or ALTA Endorsement 22.1-06; and
   e. CLTA Form 116.4, or ALTA Endorsement 19-06.

16. □ Disclose Notice of Federal Interest (NFI) or any other governmental encumbrance recorded on the title report of any of the applicant’s real property.

17. □ Proposed Annual Debt Services Schedule(s).

18. □ Estimate of Costs and Requisition Form OSH-CM-134, see Exhibit B.

19. □ Certified copy of the resolution of the governing board authorizing the borrowing and designating a signatory to execute the transaction documents.

20. □ If the applicant expects to reimburse itself for any expenditures from proceeds of a tax exempt borrowing, then the applicant needs a Declaration of Official Intent (for sample, see Exhibit C). The Declaration (final resolution) must be approved by bond counsel prior to submission to Cal-Mortgage.

Property and Land Acquisition:

21. □ If land is to be purchased: Include a description of the proposed parcel(s) and all improvements. Attach a copy of the Purchase Agreement.

22. □ Original of the property appraisal by a state certified appraiser (see Business and Professions Code Section 11300, et. seq.) who is a member of the appraisal institute.
23. □ Copy of the most current Phase I Environmental Assessment Report. If land is being purchased, the Phase I must be no older than 180 days as of the date the insured loan is scheduled to close.

24. □ Environmental Review Report from State Department of Toxic Substance Control (see Exhibit D).

**Construction (including remodeling):**

25. □ Map of the community showing location of the construction site.

26. □ Plat plan showing property lines and existing and proposed new structures positioned on the site.

27. □ Drawings of the proposed building and of any existing buildings on the site. The relationship of the various departments and services shall be shown. The name of each room denoting its function shall be noted. The plans may be single line drawings of a legible scale and should include the following:
   - Plat plan showing roads, distances to property lines, existing buildings, parking, sidewalks, etc.
   - The plan of each floor, with the square footage shown.
   - Elevations of all facades and relevant sections shall be shown.

28. □ Outline specifications, which provide a general description of the type of construction, exterior and interior finishes, and type (description) of heating, ventilating and plumbing systems.

29. □ Describe the architect’s and engineer’s past experience in designing a similar type facility.

30. □ Attach a copy of the executed contract(s) with the architect and all engineers and consultants, if any.

31. □ If known, the proposed contractor for the project and a description of the contractor’s past experience in constructing a similar type facility.

32. □ Preliminary cost estimate based on the drawings and outline specifications listing the separate costs for the structure, equipment, furnishings, landscaping, paving/parking, and off-site work.

33. □ Copy of independent cost estimate prepared by a firm other than the architect or the contractor.

34. □ Copy of the zoning approval or conditional use permit (if required by a local agency).

35. □ Identify planning documents, building permits and governmental agency approvals that will be required for the project, and which approvals are in-hand and the estimated dates for obtaining pending permits.

36. □ Copy of the Environmental Impact Report or Negative Declaration approved by the appropriate authority.
E. **Community Benefit:**

1. □ Describe how this project will meet identified health-care needs of the community or of an underserved population, including how the project will provide culturally competent care.

2. □ Include a list of bilingual services, if any, which are, or will be, offered.

3. □ Describe the community services the applicant shall provide as a result of this project, as required by Health & Safety Code Sections 129050(j) and 129085.

4. □ Complete and attach the Medi-Cal Questionnaire found in Exhibit E.

If applicant is a **hospital**:

5. □ Describe the community services the applicant shall provide as a result of this project, as required by Health & Safety Code Sections 129055 (or 129070) and 129065 (annual certification required by statute).

6. □ Attach a copy the applicant’s Community Benefit Plan as required by Health and Safety Code Section 127350.

If applicant is a **skilled nursing facility** or **clinic**:

7. □ Describe the community services the applicant shall provide as a result of this project, as required by Health & Safety Code Section 129055 (or 129070).

If applicant is a **continuing care (multi-level) facility**, include:

8. □ Describe the community services the applicant shall provide as a result of this project.

F. **Other Supplemental Information:**

1. □ List the amount of insurance coverage by category:
   a. Buildings and Structures Property
   b. Business Personal Property
   c. Commercial General Liability
   d. Business Interruption and Extra Expense
   e. Earthquake and Flood
   f. Builders Risk
   g. Fidelity and Dishonesty
   h. Directors and Officers Liability
   i. Workers Compensation
   j. Professional Liability
   k. Boiler and Machinery/Equipment Breakdown
   l. Automobile (owned and non-owned)

2. □ Complete and attach the Legal Status Questionnaire found in Exhibit F.

3. □ Current status on all union contracts and labor relations affecting facility-operating expense.

4. □ Describe the organization’s employee health benefit plans in relation to the Affordable Care Act requirements.
5. ☐ If any portion of the facilities are leased to non-applicant entities, provide an Opinion of Bond Counsel as to the impact of the applicant’s tax status (regardless of %).

6. ☐ Complete and attach the Disclosure Information Questionnaire found in Exhibit G.

7. ☐ When using California Health Facilities Financing Authority (CHFFA) as the conduit to issue insured bonds, please submit an additional complete Cal-Mortgage Application to CHFFA in addition to the supplementary information outlined in Exhibit H.

Send Application to:
Office of Statewide Planning and Development
Cal-Mortgage Loan Insurance Division
2020 West El Camino Avenue, Suite 1231
Sacramento, California 95811

Telephone: (916) 319-8800
Fax: (916) 445-2837
email: cminsure@oshpd.ca.gov
Web Address: www.oshpd.ca.gov/CalMort
EXHIBIT A

FINANCIAL FEASIBILITY STUDY GUIDELINES AND CERTIFICATION

A financial feasibility study demonstrates, among other things, that loan proceeds, together with cash flow of the facility, are sufficient to complete the project and to cover annual debt service requirements.

A financial feasibility study consists of historical and prospective financial statements and other pertinent information that present, to the best of the applicant's knowledge and belief, a facility's expected financial position, results of operations, and changes in financial position. A financial forecast is based on the applicant's assumptions reflecting conditions it expects to exist and the course of action it expects to take.

In addition to management’s expected outcome, the feasibility study should include sensitivity analyses as appropriate or as requested by the Account Manager (i.e., elimination of Medicare capital pass through, changing market interest rates, variance in utilization, reduction in grants or contract, etc.).

The fundamental purpose of a financial feasibility study is to assist the Account Manager to determine and evaluate an applicant's ability to repay borrowed funds. Specifically, it compares the relative size of positive cash flow to principal and interest payments on the proposed debt.

Please note that financial statements and other financial information submitted to Cal-Mortgage are not considered confidential information under the California Public Records Act and may be disclosed upon request.

All financial feasibility studies prepared for the program are to be incorporated into the Official Statement or Offering/Private Placement Memorandum either by reference or in their entirety. If the study is only to be referenced, the name of the preparing feasibility firm and the date of the study are to be cited.

The feasibility study must be prepared by a firm with expertise in health facility financial consulting. The firm should have sufficient resources and expertise to do the study and render an opinion. While Health and Safety Code Sec. 129095 allows the applicant to choose its consultants, in order to avoid any potential conflict of interest, the feasibility study should be prepared by someone other than the corporation’s auditing firm of record.
Failure to follow these guidelines may adversely affect the recommendation for approval of loan insurance. Furthermore, submitting a financial feasibility study following these guidelines does not guarantee approval of loan insurance.

Tables of data, where appropriate, should be expressed in actual amounts and percent of change.

The financial feasibility study is to describe the assumptions underlying the financial analyses, in addition to analysis of historical and forecasted financial statements.

I. Instructions for Assumptions and Rationale:

   1. Background and Description
      a. History and background of the applicant and the onsite management company operating the facility, if any.
      b. EXISTING FACILITY: If the project is a renovation or expansion, provide an overview of the size, services provided, occupancy rate, and service area of the existing facility; If the applicant owns and/or operates other health facilities, briefly describe as well.
      c. NEW FACILITY/PROJECT: Describe the project components, including the physical facility, size, services provided, service area (if different from existing facility), expected utilization of services added by the project, and sources of new revenue for the project.

   2. Project Costs and Financing
      Provide a detailed Sources and Use of Funds breakdown.
      a. The construction cost "detail" should be provided by the design architect, a cost estimator, or the general contractor who will perform or manage the actual construction. Validation of construction costs by an independent cost estimator is important to the believability of the project budget. The construction cost should include a contingency allowance. (The Account Manager may require an additional contingency based on the facts and circumstances of the project.)
      b. Provide conceptual design and accompanying narrative describing how the proposed square footage is appropriate to current and mid-range future space needs of the facility. For replacement projects describe why the existing site is inadequate and how the replacement facility will alleviate the problem.
      c. Provide a square footage cost for the space. How does this project’s costs compare to costs with other similar type facilities in the area. Describe any major cost variations.
3. Historical and Forecast of Facility Utilization
   a. The history of facility utilization should be shown for the facility overall and for the specific services involved with the project. For example, if the project includes increasing ob/gyn beds, the historical and projected occupancy rates should be shown.
   b. If the applicant/project is a clinic, provide historical and projected encounters, as well as yearly encounter documentation for each physician and mid-level medical full time employee (FTE) equivalent.
   c. The applicant should explicitly state how the forecast utilization will be achieved. It is not sufficient to assume future utilization will equal historical utilization. This section should contain demographic data, patient/payor mix, average length of stay, and other information sufficient to justify the utilization assumptions.
   d. Document the historical record and current plan for provider recruitment and retention (Kaiser, county health departments, medical groups, etc.).

4. Historical and Forecast of Revenues
   a. Provide forecast revenue data for the facility overall, as well as the new service(s) added by the project. The forecast should be supported by a discussion of how the revenue items were determined, including assumed rates of increase in charges and contractual allowances. Changes in revenue due to cost containment, utilization trends, and payor mix should be explicitly addressed, as well as the impact of existing contractual relationships, as described in Item 8.
   b. Delineate the patient revenues by source (including Medicare, Medi-Cal, Aid to Families with Dependent Children (AFDC), Bronzan McCorquodale realignment funds, county probation, regional centers for the developmentally disabled, residential care, personal care, accommodation fees, etc.) and percentage of total patients/residents.
   c. If the clinic is a Federally Qualified Health Center (FQHC), identify the current and prior FQHC encounter rate approved by Medi-Cal.
   d. Delineate all grants by source. If the feasibility study assumes any inflation rate for grant income per year, explain.
   e. Identify and age accounts receivable by source.

5. Historical and Forecast of Expenses
a. Provide historical and forecast expense data in the same level of detail and show the expenses associated with the service(s) added by the project. The presentation should include a breakdown of FTE’s.

The forecast should be supported by a discussion of how the expense items were determined, including assumed rates of inflation for labor, utilities, supplies, etc., and any changes that will occur from different methods of operation.

6. Historical and Forecast of Working Capital Requirements

Identify the explicit assumptions used to determine working capital requirements. For example, was it calculated as a percentage of operating expenses and revenues? By another method?

7. Description of Long-Term Debt and Debt Service Coverage

Prepare a Debt Service Coverage Schedule with 3 years historical and 5 years forecasted ratios.

8. Effects of Contractual Allowance, Discounts and Capitation

Please provide the following information:

- **Medi-Cal**: If you are a contracting hospital, provide the current term of your contract and allowed daily rate of reimbursement; if you are a contractor to a Medi-Cal hospital, describe the nature of the contract.

- **Medicare**: Describe the basis of reimbursement under Medicare; if you are providing Medicare as a health maintenance organization (HMO) or a comprehensive medical plan (CMP), please describe.

  Provide the estimate of total Medicare patient days and revenue assumed in the revenue projections over the forecast period. Compare this to historical expense.

- **Third-Party Payors**: Identify insurance companies or employers with whom you have preferred provider organization (PPO) arrangements, or HMO, or independent practice association (IPA) contracts. Describe the terms of reimbursement under these contracts or the discount percentage and the percentage of revenue each contract generates. Also, if the facility, alone or with others, offers a PPO directly to employers, describe the nature of that arrangement.
Provide the estimate of total patient days and revenue assumed in the revenue projects for each type of contracts or arrangement over the forecast period.

9. **Table of Per Diem Revenue by Historical and Forecast Year**

   The patient days used in the calculation should be the same as Item 10. Calculate the percentage increase from year-to-year. Explain the differences between historical and forecast rates of increase, and any deviation between future increases and assumed revenue increase.

10. **Table of Per Diem Expense by Historical and Forecast Year**

    Provide the total patient days (actual and assumed) used to calculate per diem expense. Calculate the percentage increase from year to year (historical and forecast). Explain any difference between historical and forecast rates of increase, as well as any deviation between future increase and assumed expense inflation.

11. **Table of Routine Cost Per Diem and Medicare Limit Per Diem for Historical and Forecast Years**

    This section applies to skilled nursing facilities. The applicant should complete this for historical periods and for future periods if it expects to receive Medicare reimbursement by methods other than diagnosis-related groups (DRG's) or CMP/HMO contracts.

12. **Lease vs. Purchase Analysis**

    Prepare a schedule of continuing to lease the facility versus purchasing the facility.

13. **Refinancing Project**

    If the applicant is refinancing existing debt, identify the amount of savings by year as well as a percent of the present value savings.

**II. Affordable Care Act (ACA) Implementation**

Include a narrative summarizing the Organization’s current and projected participation in the Affordable Care Act highlighting all financial impacts.

**III. Instructions for Historical & Forecast Financial Statement**

2. The Balance Sheet should reflect any reserves that are required (debt service, insurance, refund, charity, fill-up, capital improvements, etc.).

3. For the Income & Expense Statement, also include percent of changes over the preceding year.

4. For all historical and forecast years, show the following ratios and data:
   a. Current Ratio
   b. Days in Patient Accounts Receivable
   c. Days Cash on Hand
   d. Equity Ratio
   e. Asset to Long Term Debt Ratio
   f. Operation Margin
   g. Days Payable
   h. Debt Service Coverage

IV. **Demand Analysis**

1. Provide a strengths, weaknesses, opportunities, treats (SWOT) analysis summarizing the projects strengths, weaknesses, opportunities, and threats.

2. Describe how the service/market area was determined.

3. Describe the demographic and economic factors of the service/market area relating to income, housing, employment, transportation, and population.

4. Identify any existing or proposed competing facilities within the service/market area. Describe and compare the market share, size, historical utilization, distance from the facility and fee structure (including entrance fees and monthly service fees, if applicable).

5. Identify Cal-Mortgage insured facilities providing competing services in the primary and secondary service areas.

6. In forecasting utilization for multi-level continuing care retirement communities/residential care facilities for the elderly (CCRC/RCFE) facilities, describe the marketing plans including sales person’s method of compensation and any health or asset screening procedures (if applicable).
7. Provide maps and other relevant documentation, which illustrates that the proposed facility is conveniently located in the target population and is in reasonable proximity to referring providers.

8. Describe how the market share and competition will change as a result of the proposed project.

V. Additional Requirements

1. Clinics
   a. Indicate the clinic’s linkage with local hospitals and commonly used specialty providers.
   b. What are the clinic hours of operation? Are there plans for Saturday and evening hours? If not, why not?
   c. Describe the clinic’s financial system(s) for documenting cost accounting and describe the billing and collection system.

2. Multi-Level Health Facility (CCRC/RCFE)
   a. Provide documentation as to how the facility/applicant intends to meet the financial risks associated with:
      i. Initial fill-up of the facility.
      ii. Health care costs for short term acute care or rehab SNF care.
      iii. Turnover or mortality within a mature facility.
      iv. Resident asset depletion or charity care.
   b. Describe how the facility proposes to cover the cost of healthcare for residents whose health (HMO) plan will direct them to a different HMO designated skilled nursing facility for post-operative or convalescent care.
CERTIFICATION OF FEASIBILITY CONSULTANT

The undersigned (hereafter “Consultant”), certifies that:

- Consultant was retained by ______________________________ (hereafter “applicant”) to prepare a feasibility study to be submitted as part of the applicant’s application to the Health Facilities Construction Loan Insurance Program (“Cal-Mortgage”);

- Consultant has no affiliation, relationship or financial interest in the applicant or any financial advisor, underwriter or other party connected with the Application (“Party”) or any prospective loan resulting therefrom;

- The fee charged by Consultant for the preparation of the feasibility study submitted with the Application, was determined in arm’s length negotiation and no portion of that fee represents payment for any other direct or indirect services;

- No part of Consultant’s fee is dependent on the issuance of a letter of commitment by the Office of Statewide Health Planning and Development (“Office”) for Cal-Mortgage Loan Insurance, or a closing of a loan to the applicant;

- The entire fee charged by the Consultant for preparation of the feasibility study referred to above and any additional scenarios, stress tests of the date in that feasibility study, or other work related to such feasibility study shall be due and payable whether or not the Office issues a commitment for Cal-Mortgage Loan Insurance or any loan resulting therefrom closes;

- No part of Consultant’s fee is refundable to any Party;

Consultant understands that the Office will rely on the feasibility study referred to above in granting its commitment for Cal-Mortgage Loan Insurance. The undersigned certifies under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this _____ day of __________, 20__

____________________________________
(NAME OF CONSULTANT)

By: _________________________________
(Signature and Title, if any)
## Estimate of Costs and Requisition

OSH-CM-134 (Rev. 10/16)

### 1. Name of Facility

### 2. Project Number

### 3. Disbursement No.

### 4. Address

### 5. Trustee

### Use of Funds:

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Project Costs</th>
<th>Corporate Equity</th>
<th>Bond Proceeds</th>
<th>Requisition #1</th>
<th>Requisition #2</th>
<th>Total Amount Expended to Date</th>
<th>Unexpended Balance</th>
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<td>A. Retro/Defease Existing Debt</td>
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<td>H. Other</td>
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<td>Total Project Costs</td>
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<td>7. Trustee Fees &amp; Counsel</td>
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<td>6. Property Appraisal Fees</td>
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<td>Total Use of Funds</td>
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### Distribution of Funds

**Loan Insurance Application**

**Distribution of Funds**
## Source of Funds:

### I. Bond or COP Proceeds
- A. Bond Proceeds (Par Amount)
- B. Bond Premium/Discounts

### II. Corporate Equity
- A. Cash
- B. Prepaids
- C. Other

### III. Funds From Other Sources (Grant or Subsidy)
- Owner’s Equity & Sponsor’s Assets

<table>
<thead>
<tr>
<th>Certification of Borrower</th>
<th>Certification of State Representative</th>
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</thead>
<tbody>
<tr>
<td>I certify that realty for this project has been conveyed to me and that labor, materials, and services having a value of $0.00 have been used in this project in accordance with the Bond or Loan Documents and have either been paid for or documented as valid accounts payable.</td>
<td>Based upon inspection of the work and/or an examination of required documents on [date], a recommendation is made that installment of the appropriate fund proceeds of said sum for project disbursements.</td>
</tr>
</tbody>
</table>

Owner’s Name and Title (Typed)  
Name and Title of State Representative (Typed)  
Signature  
Signature  
Date  
Date
EXHIBIT C
DECLARATION OF OFFICIAL INTENT

The Internal Revenue Service requires that if a borrower intends to be reimbursed for certain expenditures from the proceeds of a tax-exempt bond issue, the borrower must have adopted a Declaration of Official Intent (DOI) to do so. Reimbursement of project related costs cannot occur for expenditures that predate the date of the approved DOI by 60 days.

The attached sample DOI is for illustrative purposes only and may not conform to current Treasury requirements.

Please contact legal counsel to assure that you are proceeding correctly.
DECLARATION OF OFFICIAL INTENT
OF [NAME OF (i) THE ACTUAL ISSUER; (ii) THE GOVERNMENTAL CONDUIT BORROWER, IF ANY; OR (iii) THE 501 (c)(3) CONDUIT BORROWER, IF ANY]
TO REIMBURSE CERTAIN EXPENDITURES
FROM PROCEEDS OF INDEBTEDNESS

WHEREAS, the [name of the party identified above] (the "Issuer") intends to [acquire, construct, improve] a [general description of project or program] (the "Project");

WHEREAS, the Issuer expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis;

WHEREAS, the Issuer has designated the undersigned, in the undersigned's individual capacity, to declare the Issuer's official intent to reimburse expenditures with proceeds of a subsequent borrowing;

WHEREAS, the Issuer reasonably expects that debt obligations in an amount not expected to exceed $____ will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Reimbursement Expenditures; and

WHEREAS, [Insert the following for private activity bonds other than qualified 501(c)(3) bonds: Section 1.103-8 (a)(5) and] Section 1.150-2 of the Treasury Regulations require[s] the Issuer to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing;

NOW, THEREFORE, the [Issuer/undersigned] declares:

Section 1. The [Issuer/undersigned] finds and determines that the foregoing recitals are true and correct.

Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The Issuer hereby declares its official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures. [The preceding sentence is to be used in resolutions; the following sentence is to be substituted in declarations: The undersigned hereby declares the Issuer's official intent to use proceeds of indebtedness to reimburse itself for Reimbursement Expenditures.]

Section 4. This declaration shall take effect from and after its adoption.

[The following is to be used in resolutions only: The undersigned, [Secretary] of the Issuer, hereby certifies that the foregoing is a full, true and correct copy of the declaration of the {governing body} of said Issuer duly made at a meeting thereof held on the date specified below, and that said declaration has not been amended, modified or revoked by said {governing body}.]

_______________________________________
[Name]
[Title]        Date
EXHIBIT D

ENVIRONMENTAL DOCUMENT REVIEW PROCESS AND FORMS

Cal-Mortgage requires the Department of Toxic Substances Control (Department) to review a Phase I Environmental Assessment (Phase I) report or equivalent documentation requested by the Department. The review is required to evaluate if current and past practices have resulted in the release of hazardous substances on the subject property. A Phase I report is an initial environmental assessment prepared by an environmental professional based in part on existing information from inquiries of appropriate state and local agencies and past and present owners and operators of businesses on the subject property. Nationally accepted guidance for the preparation of a Phase I is provided by the American Society for Testing and Materials, "Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process" (Designation: E 1527). A site inspection by environmental professionals employed by the Department will be performed.

The Department will prepare an Environmental Review Report summarizing the information provided by the Cal-Mortgage applicant and any additional information gathered by the Department. The report will recommend whether or not additional investigation is required based on best efforts to obtain information about the operational history of the site. If further investigation is required because of suspected releases of hazardous substances to the property, the applicant will be asked to enter into a separate voluntary agreement with the Department to conduct a Preliminary Endangerment Assessment under Departmental oversight. If no further action is recommended, Cal-Mortgage staff will continue to process your application.

Please contact the Department staff prior to submission of any documentation to determine the suitability of the existing information.

To initiate this effort, complete the attached questionnaire. Send the completed questionnaire to:

Attention: Mr. William Beckman, P.E.
Northern California – Central Cleanup Operations Branch
Department of Toxic Substances Control
8800 Cal Center Drive
Sacramento, California 95826-3200
Email: William.Beckman@dtsc.ca.gov
Phone: (916) 255-3690
Also, send a check in the amount of $1,500.00 made payable to the “Department of Toxic Substances Control” to:

Ms. Tsing Mabel Zhan  
Accounting Office  
Department of Toxic Substances Control  
P.O. Box 806  
Sacramento, California 95812-0806  

PRINT ON THE CHECK THE NAME AND LOCATION OF THE SITE AND THE RESPONSIBLE CORPORATION (if different than the entity issuing the check), so that the money will be credited toward your account and work can begin on your project. Upon receipt of the check, a receipt will be sent to you. A copy of the check should be sent concurrently to Mr. William Beckman.

The $1,500 is a down payment for services to be provided by the Department in review of a Phase I report or other environmental documentation for the subject property. This down payment is equal to approximately twenty hours of Department staff time and overhead. You will be billed for additional hours of labor incurred by Department staff or reimbursed if less time is required.

If requested, Department staff will give you an estimate of the number of hours expected to complete an Environmental Review Report for your specific property following receipt of the document(s) to be reviewed. Department staff will also contact you to arrange a visit to the property. The Department staff will use their best efforts to complete the report within four weeks of receiving the questionnaire and deposit check.

Once the review is complete, the Department will send the Environmental Review Report to your Cal-Mortgage Account Manager.

For questions concerning this process or the information requested in the questionnaire, please contact Mr. William Beckman, at (916) 255-3690.
ENVIRONMENTAL DOCUMENT REVIEW QUESTIONNAIRE

If your application to Cal-Mortgage is for facilities at multiple locations, please complete a separate questionnaire for each location (attach additional sheets of paper if necessary).

A. Complete the following questionnaire, “General Information,” for the subject property.

B. Include a copy of the Phase I Environmental Assessment Report(s) or equivalent environmental documentation that has been completed for this project. If any environmental cleanup activities have been conducted based on recommendations contained in these reports, please include a description of those activities. Please note if land is being purchased, the Phase I Environmental Assessment must be no older than 180 days as of the date the insured loan is scheduled to close.

C. Include a map of the property illustrating building locations and pertinent property features.

D. Include a copy of the legal description for the property (if not incorporated in the submitted report).

Preparer represents that to the best of the preparer’s knowledge the following statements and information contained in this questionnaire are true and correct and to the best of the preparer’s actual knowledge, no material facts have been suppressed or misstated.

Signature of Preparer: ____________________________________

Printed Name of Preparer: _____

Date of Preparation: _____

Organization: _____
ENVIRONMENTAL DOCUMENT REVIEW QUESTIONNAIRE
GENERAL INFORMATION

<table>
<thead>
<tr>
<th>Name of Organization:</th>
<th></th>
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<tbody>
<tr>
<td>Mailing Address:</td>
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<td>Name of Current Property Owner:</td>
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<td>Proposed Use:</td>
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<tr>
<td>If project includes new construction or expansion of existing structures, please describe:</td>
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</tbody>
</table>
EXHIBIT E
MEDI-CAL QUESTIONNAIRE

1. Does the applicant maintain a written policy concerning the provision of care to patients regardless of their ability to pay?
   ☐ Yes
   ☐ No, briefly explain why such a policy is not mandated.

2. Is the applicant a party to the Department of the Health Care Services (DHCS) Medi-Cal contract?
   ☐ Yes
   ☐ No, Does your facility treat Medi-Cal eligible patients?
     ☐ Yes
     ☐ No, Answer question 3 if the applicant does not have a contract with DHCS and does not treat Medi-Cal eligible patients.

3. Medi-Cal Exceptions:
   ☐ a. The health facility is of a type and in a geographic area subject to Medi-Cal contracting and, following good faith negotiations, the applicant has not been awarded a Medi-Cal contract by the Department of Health Care Services.
   ☐ b. The health facility is not of a type which provides services for which Medi-Cal payments are available; or
   ☐ c. The health facility is, or is a part of, a multi-level facility and the health facility is of size and type designed primarily to serve the health care needs of the residents of the multi-level facility.
EXHIBIT F
LEGAL STATUS QUESTIONNAIRE

Civil Matters

1. Has the applicant filed bankruptcy or receivership case or had a bankruptcy or receivership action commenced against it, defaulted on a loan, or been foreclosed against in the past ten years?

☐ No

☐ Yes, please explain.

2. Is the applicant currently a party to, or been notified that it may become a party to, any civil litigation that may materially and adversely affect (a) the financial condition of the applicant’s business, or (b) the project that is the subject of the application?

☐ No

☐ Yes, please explain.

3. Have there been any administrative or civil settlements, decisions, or judgments against the applicant within the past ten years that materially and adversely affected (a) the financial condition of the applicants business, or (b) the project that is the subject of the application?

☐ No

☐ Yes, please explain.

4. Is the applicant currently subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state or federal taxing authority, or a local, state or federal regulatory or enforcement agency?

☐ No

☐ Yes, please explain.
5. **In the past ten years**, has the applicant been subject to any civil or administrative proceeding, examination, or investigation by a local, state or federal licensing or accreditation agency, a local, state, or federal taxing authority, or a local state or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment? If yes to either questions 4 or 5, please explain.

☐ No

☐ Yes, please explain.

**Criminal Matters**

6. Is the applicant currently a party to, or the subject of, or been notified that if it may become a party to or the subject of, any criminal litigation, proceeding, change, complaint, examination or investigation, of any kind, involving, or that could result in, felony charges against the applicant?

☐ No

☐ Yes, please explain.

7. Is the applicant currently a party to, or the subject or, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, misdemeanor charges against the applicant for matters relating to the conduct of the applicant’s business?

☐ No

☐ Yes, please explain.

8. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in, criminal charges (whether felony or misdemeanor) against that applicant for any financial or fraud related crime?

☐ No

☐ Yes, please explain.
9. Is the applicant currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, that could materially affect the financial condition of the applicant’s business?

☐ No

☐ Yes, please explain.

10. Within the past ten years, has the applicant been convicted of any felony?

☐ No

☐ Yes, please explain.

11. Within the past ten years, has the applicant been convicted of any misdemeanor related to the conduct of the applicant’s business?

☐ No

☐ Yes, please explain.

12. Within the past ten years, has the applicant been convicted of any misdemeanor for any financial or fraud related crime?

☐ No

☐ Yes, please explain.
EXHIBIT G
DISCLOSURE INFORMATION QUESTIONNAIRE

1. Have any former or current members of the OSHPD staff or Advisory Loan Insurance Committee members assisted in the preparation of this application?

   If so, who, and what was their responsibility?

2. Are any facilities proposed to be financed by this application not required to be licensed by a State Agency?

   If so, identify those facilities and explain how they are eligible for loan insurance.

3. Do any current or former members of the Board of Directors, Applicant employees, or contract management employees, or spouses of any of the above expect to benefit financially from this transaction?

   If so, identify the individuals and the amount of potential financial benefit. Explain how this transaction can be construed to be an “arms length” transaction.

4. Does the Applicant applying for this loan guarantee have any outstanding licensing, certification, or pending legal issues with any state or federal agency, excluding routine financial audits of cost reports?

   If so, identify those issues, and provide a status report as to the disposition of those matters.
EXHIBIT H
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)
APPLICATION REQUIREMENTS

When using CHFFA as the conduit to issue insured Cal-Mortgage bonds, submit an additional complete Cal-Mortgage Application to CHFFA along with the supplementary information listed below. The supplementary information listed below is detailed in the CHFFA Bond Financing Program Application.

The CHFFA Bond Financing Program Application can be downloaded at the following website:

http://www.treasurer.ca.gov/chffa/programs/bond.asp

Supplementary Information Required

- Appendix A or Borrower’s Information from the most recent Official Statement, if applicable. (From previous bond issues)
- Exhibit II - California Environmental Quality Act (CEQA) Review
- Exhibit III - Pass-through Savings Certificate
- Exhibit V - Religious Affiliation Due Diligence
- Exhibit VII - Community Service Obligation
- Exhibit VIII - Iran Contracting Act Certification
(a) The premium rate charged for the insurance of loans by the Office paid by all borrowers shall be three percent (3%) of the total amount of principal and interest payable over the term of the loan, unless the borrower requests and qualifies for a lower premium rate under subsection (b) below.

(b) Borrowers that choose to obtain and do obtain a credit rating of CCC or higher from one of the three rating agencies listed below shall qualify for the discounted premium rate corresponding to the rating. If the Office determines that it is in its best interest, it may allow the use of a credit assessment, credit opinion or equivalent from one of the three rating agencies listed below, using the rating assigned therein instead of the credit rating for this purpose. The borrower shall direct the credit rating agency to send the rating (or credit assessment, opinion, or equivalent) to the Office, with a copy to the borrower.

<table>
<thead>
<tr>
<th>Rating Agencies</th>
<th>Insurance Premium Rate</th>
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<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
<td>Moody’s</td>
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<td>AAA</td>
<td>Aaa</td>
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<tr>
<td>AA+</td>
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<td>AA</td>
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<td>AA-</td>
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<td>CCC</td>
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(c) The rating will be used only to determine what premium rate the Office will charge that borrower, if the Office decides to insure a loan to that borrower. The fact that a borrower is able to obtain a CCC rating or above does not entitle that borrower to insurance.
Cal-Mortgage Loan Insurance Refinancing Proceeds Premium Rate Fee Schedule

(a) Borrowers that use proceeds of a loan newly insured by the Office to refinance a prior loan insured by the Office, or refund bonds insured by the Office, the proceeds of which were used to fund a prior loan (the “Prior Insured Loan”) on which the Borrower paid a one-time nonrefundable premium shall pay a Refinancing Proceeds Premium rate of 2.2% of the total amount of the principal and interest thereon payable over the term of the loan, which term shall be the same as the remaining term of the loan refinanced, unless the borrower requests and qualifies for a lower Refinancing Proceeds Premium rate under subsection (b). If a portion of the proceeds of the loan or bonds to be newly insured is to be used to refinance the principal balance of a Prior Insured Loan (the “Refinanced Principal”) and a portion for new construction, improvements or expansion, reimbursements, or refinancing other debt, the Refinancing Proceeds Premium rate will be applied to the Refinancing Proceeds Principal (defined below) and the applicable premium under subsection (b) or under Cal-Mortgage Loan Insurance Premium Fee Schedule shall be applied to the balance of proceeds of the newly insured loan or bonds. The amount of Refinancing Proceeds Principal shall be determined by applying a fraction, the numerator of which is the dollar amount of Refinanced Principal and the denominator of which is equal to the sum of the Refinanced Principal plus the dollar amount of proceeds used for new construction, improvements or expansion (including related contingency funds and capitalized interest), reimbursements, or refinancing other debt, to the total amount of proceeds of the newly insured loan or bonds including proceeds used for debt service reserve funds, costs of issuance, counsel fees, underwriter’s discount, original issue discount, and Cal-Mortgage insurance premiums and fees.

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2.20%
Borrowers that choose to obtain and do obtain a credit rating of CCC or higher from one of the three rating agencies listed above shall qualify for the Refinancing Proceeds Premium rate, as applicable, corresponding to the rating. If the Office determines that it is in its best interest, it may allow the use of a credit assessment, credit opinion or equivalent from one of the three rating agencies listed above, using the rating assigned therein instead of the credit rating for this purpose. The borrower shall direct the credit rating agency to send the rating (or credit assessment, opinion, or equivalent) to the Office, with a copy to the borrower.

(c) The rating will be used only to determine what premium rate the Office will charge that borrower, if the Office decides to insure a loan to that borrower. The fact that a borrower is able to obtain a CCC rating or above does not entitle that borrower to insurance.