

AUGUST 13, 2018

**ACTUARIAL STUDY OF HEALTH FACILITY
CONSTRUCTION LOAN INSURANCE FUND
AS OF JUNE 30, 2016**

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

CAL-MORTGAGE LOAN INSURANCE DIVISION

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN INSURANCE
PROGRAM

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Executive Summary

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

Under the administration of OSHPD, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to needed health care. The sources of revenue for the Program are premiums and fees used to pay all default and administrative expenses. As of June 30, 2016, OSHPD insured 91 projects with an original amount insured totaling \$1,990,475,000.

The HFCLIF reserve level was analyzed by comparison to the reserve level which would be required under the standards of the Department of Insurance (DOI) if the Program were a private insurance company. The Program is not subject to DOI standards; it is important to note that the DOI standards require that private insurers have front-end capitalization of at least \$75 million before they can be licensed to do business in California. The Legislature did not capitalize the Program, but the payment of principal and interest on the loans are fully and unconditionally guaranteed by the State of California. All of the HFCLIF reserves (referred to as “cash balance” as per the Cal-Mortgage Loan Insurance Division Monthly Activity Report Ending June 30, 2016), \$166.63 million as of June 30, 2016, have been derived from the Program’s “earnings” over the past 40-plus years. Nonetheless, if the DOI standards were applied to the Program, the reserve requirement would total \$208.47 million as of June 30, 2016. Thus, under the DOI standards, there is a \$41.84 million shortfall in the HFCLIF.

The financial strength of the HFCLIF was evaluated by conducting a cash flow projection analysis, which estimates cash in-flows, out-flows, and year-end balances over the next 30 years. The projections under the Expected Scenario indicated a positive expected fund balance through Fiscal Year 2045/46.

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Introduction and Scope

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

- A determination of the reserve sufficiency for the HFCLIF as of June 30, 2016. Calculations reflect foreseeable risks, including extraordinary administrative expenses and actual defaults (Health & Safety Code, Section 129330)
- An assessment of the risk to the State's General Fund of the Program

The study was based on the Program's insured portfolio as of June 30, 2016 and additional information provided to Oliver Wyman through April 10, 2018.

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

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

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

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Background

Program

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

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

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

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

Premiums and Fees

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

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

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

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

Financial Status of the Program

As of June 30, 2016, OSHPD insured 91 projects with an original amount insured totaling \$1,990,475,000. Pursuant to Health and Safety Code, Section 129210, the total amount of insured loans may not exceed \$3 billion.

Most insured loans have a debt service reserve fund of one year's debt service under the control of a trustee and the Program. If a borrower fails to make all its payments and its debt service reserve account is depleted, OSHPD is required to pay the annual debt service shortfall from the HFCLIF.

- The HFCLIF is held and invested by the State Treasurer; HFCLIF's cash balance as of June 30, 2016 was \$166,632,464

- The HFCLIF annual net income (insurance premiums plus recoveries from previously defaulted projects, less default expenses and administrative expenses) for 2014/15 was \$5,114,152 and for 2015/16 was \$2,063,287.¹
- The recoveries from previously defaulted projects that are deposited in the HFCLIF are generated from enforcement by OSHPD of security interests in the real and personal property of borrowers evidenced by deeds of trust, fixture filings, UCC-1s, and Deposit Account Control Agreements

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

The current Standard & Poor's credit rating of the Program, which is derived from the State's rating, was raised from A to A+ in November 2014. In July 2015, it was raised again to AA-.

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

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Results and Methodology

Section I - Reserve Sufficiency of HFCLIF

Cal-Mortgage's sources of funds available to pay claims include the sale of assets over which Cal-Mortgage holds a security interest and the HFCLIF cash balance. The HFCLIF cash balance of \$166.63 million as of June 30, 2016 was analyzed against the California Department of Insurance reserve and capital requirements standard.

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

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

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

Requirements are individually discussed in the sections that follow.

Minimum Capital and Surplus Requirement

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

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

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

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

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

Discounted case reserves on defaulted loans as provided by Cal-Mortgage and utilized in this analysis total \$69.99 million as shown in Section I, Exhibit 2. Additionally, Section I, Exhibit 3, displays the projected loss payments by fiscal year for the same currently defaulted projects. Note that case reserves were calculated as 100% of the expected principal and interest payments on Sherman Oaks and Kern Valley’s payments scheduled to be made by Cal-Mortgage, discounted. Additionally a case reserve was added for the payments Kern Valley is currently making to the trustee, with a 25% probability applied to account for the eventuality that Kern Valley may not be able to complete these payments. This amount was then discounted.

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

If Cal-Mortgage were subject to the above statutory requirement, Oliver Wyman believes that pure IBNR reserves would be at Cal-Mortgage’s discretion. As such, Oliver Wyman has included scenarios both with and without a provision for “pipeline IBNR reserves” in our analysis. Oliver Wyman is using the term “pipeline IBNR reserves” to refer to reserves for projects which may default in fiscal year 2016/17. Oliver Wyman has estimated losses from pipeline default projects based on discussions with Cal-Mortgage regarding the probability of

default and estimated loss amount by project. Oliver Wyman's estimated pipeline IBNR reserve is \$4.35 million as of June 30, 2016, as summarized in Section I, Exhibit 2.

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

In addition to the currently defaulted or pipeline default projects previously mentioned, there are a number of previously defaulted projects that have been resolved. Based on information provided by Cal-Mortgage, Oliver Wyman has estimated the present value of recoveries from these resolved projects to be \$10.09 million. Note that although Kern Valley Healthcare District is classified as a defaulted loan, recoveries are expected to be collected. With the inclusion of Kern Valley recoveries, the total estimated recoveries are \$16.77 million.

Section I, Exhibits 4 and 5 show the detailed calculation of the recoveries.

Contingency Reserves

Based on Section 12108 of the California Statutory Insurance Code, Oliver Wyman has calculated a fully funded contingency reserve provision for Cal-Mortgage of approximately \$13.10 million. Section I, Exhibit 6 shows the detailed calculation of contingency reserves.

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

Unearned Premium Reserves

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

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

The resulting unearned premium reserve provision is approximately \$62.79 million as calculated in Section I, Exhibits 7 and 8.

Total Funds Required

Oliver Wyman based its calculation of the total funds required as of June 30, 2016 on California statutory requirements. Estimates are provided with and without pipeline IBNR reserve. Section I, Exhibit 1, and Table 1, below, summarize the total funds required with and without pipeline IBNR reserves.

Table 1

Cal-Mortgage Statutory Requirements				
Item	2014 Study		2016 Study	
	Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve	Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve
Capital and Surplus	75,000,000	75,000,000	75,000,000	75,000,000
Case Reserve (Current Default)	90,569,700	90,569,700	69,988,873	69,988,873
Pipeline IBNR Reserve	N/A	16,248,973	N/A	4,351,500
Recoveries	(16,186,445)	(16,186,445)	(16,769,068)	(16,769,068)
Contingency Reserve	13,371,034	13,371,034	13,103,921	13,103,921
Unearned Premium Reserve	69,972,462	69,972,462	62,792,359	62,792,359
Total	232,726,751	248,975,724	204,116,086	208,467,586
HFCLIF Balance	174,289,633	174,289,633	166,632,464	166,632,464
Reserve Shortfall	58,437,118	74,686,091	37,483,622	41,835,122

As of June 30, 2016, the actual HFCLIF balance is \$166.63 million. Thus, under California Statutory standards, there is a \$37.48 million shortfall without considering pipeline IBNR reserves. Including the pipeline IBNR reserves increases the shortfall to \$41.84 million. It is at Cal-Mortgage's discretion to include such reserves.

Comparison to Prior Reserves

Total required reserves decreased by approximately \$40.51 million since the prior evaluation as of June 30, 2014. The reconciliation of prior to current loss reserve requirements is detailed in the following table.

Table 2

Cal-Mortgage Statutory Requirements Comparison (in millions)			
Item	2014 Study	2016 Study	Change
Capital and Surplus	75.00	75.00	0.00
Case Reserve (net of recoveries)	74.38	53.22	(21.16)
Pipeline IBNR Reserve	16.25	4.35	(11.90)
Contingency Reserve	13.37	13.10	(0.27)
Unearned Premium Reserve	69.97	62.79	(7.18)
Total	248.98	208.47	(40.51)
HFCLIF Balance	174.29	166.63	(7.66)
Reserve Shortfall	74.69	41.84	(32.85)

This decrease is predominantly due to the decrease of \$21.16 million in net case reserves since the prior evaluation. This decrease in net case reserves is mostly due to a decrease in the outstanding case reserves on current defaults of \$20.58 million, and to a lesser degree a slight increase in expected recoveries from resolved loans of \$583 thousand. The decrease in outstanding case reserves is due to the continued pay-down of Cal-Mortgage’s obligation on Sherman Oaks. The Sherman Oaks principal balance decreased \$17.42 million between June 30, 2014 and June 30, 2016. In addition to this decrease in case reserves, the pipeline IBNR reserve decreased by \$11.90 million and the unearned premium reserve (UEPR) decreased by \$7.18 million.

Section II - Debt Service Coverage Ratios

Oliver Wyman conducted an analysis of the debt service coverage ratios of borrowers insured under the Cal-Mortgage Program to measure a borrower’s ability to meet its debt service obligations. Oliver Wyman calculated the following two debt service ratios for calendar years 2009 through 2015 based on financial statements of active insured borrowers provided by Cal-Mortgage:

- Debt Service Coverage Ratio (referred to as “Cash Flow Ratio” in the prior report)
- Total Income Debt Service Ratio (referred to as “Total Income Ratio” in the prior report)

These ratios are defined as follows:

Debt Service Coverage Ratio =

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

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

Total Income Debt Service Ratio =

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

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

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

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

Section II, Exhibit 1, Page 2, summarizes the average debt service ratios for the Cal-Mortgage insured borrowers. In order to better understand the borrower's ability to cover debt service, three different types of ratio averages were calculated by facility type: weighted average, arithmetic average, and median. The weighted ratio is calculated by giving weight to individual ratios in proportion to the size of each facility's component based on original loan balance. The

arithmetic average ratio is calculated by adding the borrowers within a facility type and dividing by the number of borrowers regardless of loan size. The median ranks the ratios from smallest to largest and takes the mid-point. In other words, half of the borrowers' ratios are greater than the median and half are less than the median, regardless of loan size or number of borrowers.

Section II, Exhibit 1, Pages 3 and 4, display a comparison of the debt service ratios of borrowers insured by Cal-Mortgage for calendar years 2009 through 2015 by facility type. The percentage of in-force loans (based on original loan balance for each loan) is segmented by the following debt service ratios:

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

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

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

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

Ability to Cover Debt Service

In reviewing the distribution of active loan amounts by facility type (Section II, Exhibit 1, Page 1), Oliver Wyman observes that the distribution of original insured amount and principal balance by type of facility has changed somewhat since the prior report, with the most notable change being about a 10 point increase in the distribution towards Multi-levels.

For all types of facilities in total, the weighted average, average, and median debt service coverage ratios varied in 2015 in comparison with historical years. In general, Hospitals, Clinics

and Others showed an increase in debt service coverage ratios, while Multi-levels and Skilled Nursing Facilities showed a decrease.

The weighted average debt service coverage ratio for Hospitals was considerably higher in 2012 than in other years, due to the inclusion of Chinese Hospital. In 2012 (the year in which Chinese Hospital joined the Cal-Mortgage program), Chinese Hospital paid very little in interest, which drove its debt service coverage ratio quite high. The weighted average debt service coverage ratio for Hospitals in 2013, 2014, and 2015 was more in line with what has been seen in the past.

The percentage of borrowers with debt service coverage ratios below 1.00 in 2014 decreased in comparison with recent prior years (Section II, Exhibit 1, Pages 3 and 4). In total, 21% of facilities had a cash flow debt service ratio below 1.00 in 2014, compared with 26% in the 2013 and 34% in 2012. In 2015, the percentage dropped further to 18%. Both 2014 and 2015 percentages were more in line with years prior to 2012. A similar pattern can be seen for the income debt service ratios.

Section III - Cash Flow Projections

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

Oliver Wyman's cash flow projections under the Expected Scenario indicate a positive expected fund balance through fiscal year 2045/46, with an expected ending balance of \$94.07 million. This represents a slight decrease in ending balance as compared to the 2014 study, which projected a balance of \$94.95 million through fiscal year 2043/44; however, the projected ending cash balance at the same point in time (namely as of the end of the 2043/44 fiscal year) projected in this analysis is \$105.81 million. Table 3 provides a comparison of assumptions between the 2014 and 2016 reports. Additionally, the following contribute to the change:

- \$7.66 million decrease in the starting cash balance at June 30, 2016 versus at June 30, 2014
- \$348 thousand decrease in expected premium income from annual premium loans (due to a number of such loans refinancing and terminating)
- \$10.14 million decrease in expected premium income from up-front premium loans

- \$21.33 million decrease in expected payments on current defaults over the next 30 years
- The impact on investment income due to the cumulative effect of above items
- The projected investment yield curve decreased, with the average yield decreasing slightly from 2.78% in the 2014 study to 2.76% in the current study (assuming all funds remain in the state's Pooled Money Investment Account, or PMIA). This results in \$10.41 million less in investment income over the forecast period, versus the investment income which would be indicated by applying the yield curve assumed in the 2014 study to the cash flows in the 2016 study. As in the prior study, Oliver Wyman utilized a different method than in studies prior to 2014 for projecting future PMIA investment yields. Oliver Wyman believes this approach more accurately reflects expectations of future economic conditions.

Table 3
Cal-Mortgage Cash Flow Analysis Change in Assumptions

Item	2014 Study	2016 Study
Average Investment Yield	2.78%	2.76%
Premium Rate	2.60%	2.54%
Certification and Inspection Fee as % of Loan Principal	0.40%	0.40%
Projected Default Rate	6.20%	6.10%
Estimated Claim Severity	64.00%	64.50%
Estimated Payment Pattern (Paid Within)	10 years	10 years
Administrative Expenses	4,953,910	4,880,938
Trend in Administrative Expenses	3.40%	3.40%

Although the study indicates that the expected fund balance will not be depleted until sometime after 2045/46, the expected net cash flow is negative in many of the next thirty years. Please refer to Section III, Exhibit 1, Page 1 for more detail.

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

To measure the sensitivity associated with changes in the selected default rate, two adverse scenarios were developed (Section III, Exhibit 1, Pages 3 and 4) with default rates of 8.0% and 10.0% respectively (Adverse Scenarios). Please note that the degree of uncertainty in the

projections becomes increasingly more significant in the later projection years, particularly after 15 years.

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

Scenario	Description	Positive Balance Until
Expected	New Loans Insured - 6.10% Default Rate	at least 2045/46
Run-Off	No New Loans Insured - 6.10% Default Rate	2032/33
Adverse	New Loans Insured - 8.0% Default Rate	2042/43
Adverse	New Loans Insured - 10.0% Default Rate	2034/35

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

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

Projected Default Rate

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

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

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

An ultimate default rate is calculated for Cal-Mortgage for each issue year based on two segments of historical experience. For the first segment, based on countrywide hospitals experience (Section III, Exhibit 2, Page 2), we select a 1.20% ultimate default rate. For the second segment, based on countrywide nursing home experience (Section III, Exhibit 2, Page 5), we select an 12.0% ultimate default rate.

Based on countrywide industry data, in conjunction with the Cal-Mortgage empirical loss experience including and excluding Sherman Oaks Health System (Triad), Oliver Wyman selected a combined ultimate default rate of 6.10% (Section III, Exhibit 2, Page 1). The selected ultimate default rates for hospitals and nursing homes from the prior actuarial study were 1.22% and 11.50%, respectively; and the combined selected ultimate default rate was 6.20%.

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

Claim Severity

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

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

Oliver Wyman selected a claim severity of 64.5% for Cal-Mortgage as shown in Section III, Exhibit 3. The selected severity is slightly higher than the selected severity in the prior analysis, which was 64.0%. The selected severity is consistent with industry experience (based on Income Securities Advisors data) as well as Cal-Mortgage's actual default experience with and without Sherman Oaks Health System (Triad).

Payment Pattern

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

Termination Rate

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

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

Premium Income

The premium for Cal-Mortgage insured loans is set pursuant to statute (Health & Safety Code, Section 129040) and regulation (22 California Code of Regulations, Section 91477). Prior to January 2001, a premium was charged annually on the declining principal balance of the loan;

after January 1, 2001, a wholly earned premium based on total debt service over the life of the loan is charged at closing. Therefore, premium income is calculated each calendar year as the sum of the premiums written on loans in-force as of January 1, 2001, and the premiums written on future loans.

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

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

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

The selected premium rate Oliver Wyman used for future business is a weighted average of two different premium rates based on BBB loans (for investment grade) and below investment grade loans (Section III, Exhibit 6). Below investment grade loans receive a 300 basis point premium rate. The discounted premium rate for investment grade BBB loans is 185 basis points. Investment grade loans are expected to comprise 40% of the total future portfolio while non-investment grade loans are expected to comprise the remaining 60%. The resulting weighted average premium rate is 254 basis points. It is applied to the total debt service of future loans to calculate the effective premium rate as a percentage of principal amount for new insured loans.

Certification and Inspection Fee Income

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

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

Administrative Expenses

Cal-Mortgage supplied Oliver Wyman with projected fiscal year 2016/17 administrative expenses of \$4.88 million, and an assumed increase in expenses of 3.4% annually thereafter.

Investment Income

Investment income for each fiscal year is calculated based on the product of an average of the prior fiscal year-end and the current fiscal year-end fund balances and an annual yield. For cash flow projections, investment income is calculated based on variable estimated investment yields that, over the next thirty years, average 2.76%. Oliver Wyman modeled future investment yields using an economic scenario generator and standard actuarial methods.

Section IV - Risk to State's General Fund

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

The tables below summarize the results of the simulation model. Table 5 displays the year that the fund balance is expected to be depleted in each scenario. Table 6 shows the expected ending fund balance as of fiscal year 2045/46. Note that the size of the original loan amount for a catastrophic claim is assumed to be \$115.0 million.

Table 5
Cal-Mortgage Year of Fund Balance Depletion¹

Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	at least 2045/46	at least 2045/46	2036/37	2028/29
70%	at least 2045/46	at least 2045/46	2032/33	2026/27
80%	at least 2045/46	2044/45	2029/30	2023/24
90%	at least 2045/46	2037/38	2025/26	2021/22

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

Table 6
Cal-Mortgage Fiscal Year 2045/46 Ending Fund Balance

Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	91,758,570	49,376,500	(120,154,400)	(331,905,700)
70%	80,069,030	55,895,220	(197,864,600)	(444,821,500)
80%	73,035,220	(18,014,480)	(260,822,600)	(531,276,000)
90%	63,266,160	(76,573,470)	(361,061,400)	(653,444,800)

For each catastrophic scenario, the mean year-end fund balance is forecasted for fiscal years 2016/17 through 2045/46 (Section IV, Exhibit 1). The greater the probability of a catastrophic default, the faster the fund balance is depleted.

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

For example, in the most pessimistic scenario in which a 10.0% probability of catastrophic loss is used (Section IV, Exhibit 5, Page 1), there is a 30.0% chance (represented by the 70.0% confidence level) that the Fund will be depleted by the end of fiscal year 2026/27. And, there is a 10.0% chance (represented by the 90.0% confidence level) that the Fund balance will be depleted by fiscal year-end 2021/22. Oliver Wyman cautions that confidence level estimates should be used as a guide in determining funding levels and not as a rigorous statistical measure of variability.

Please note that the simulation model illustrates the projected impact of actual results varying from projected results due to variability inherent in the claims process. This variability is referred to as process risk. Oliver Wyman's simulation does not reflect the variation of actual results from projections due to parameter risk. Parameter risk refers to the risk associated with the selection of the parameters underlying the applicable projection model. The methodology also does not consider "model risk," or the risk that the techniques used by Oliver Wyman may not be appropriate.

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

Ultimate Default Rate

A truncated lognormal distribution is used to model the ultimate default rate. The expected value of the lognormal distribution is equal to Oliver Wyman's selected ultimate default rate of 6.1%. A coefficient of variation of 61.0% is determined based on an analysis of industry data from Income Securities Advisors (Section IV, Exhibit 6, Page 1). The lognormal distribution is truncated between 20.0% and 500.0% of the selected ultimate default rate, in order to establish reasonable bounds on the distribution, based on actuarial judgment.

Claim Severity

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

New Insured Loans

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

Termination Rate

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

Investment Yield

The annual investment yield for each fiscal year is independently modeled as a triangle distribution with a mean equal to the selected investment yield, with plus or minus 2% minimum and maximum, subject to a maximum yield of 8.00% (though with our currently modeled forecast rates and the low interest rate environment, an 8% result is not possible).

Catastrophic Loss

Four scenarios with 0%, 1%, 5%, and 10% probabilities of catastrophic default have been analyzed. Catastrophic loss is assumed to be independent for each upcoming fiscal year. These scenarios are intended to assist Cal-Mortgage in evaluating the impact of catastrophic defaults or higher defaults on Hospitals in the future due to seismic upgrade costs. Section IV, Exhibit 7 shows the ten largest borrowers based on in-force insured loans. Oliver Wyman selected a catastrophe loss level of \$115.0 million. The claim severity of catastrophic loss is modeled by a triangle distribution with a minimum of 50.0% of OLB, an expected of 75.0% of OLB, and a maximum of 100.0% of OLB.

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Data

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

- State Plan – California Health Facility Construction Loan Insurance Program
- Problem Project Reports – June 2016
- Monthly Activity Report – June 30, 2016
- Detailed list of each active Cal-Mortgage loan with the following information: loan ID, name of facility, type of facility, issue date, term of loan, type of premium payment, original insured amount, status of loan (paid off, refinance, default, etc), interest rate, outstanding balance, and internal risk rating as of 6/30/2016
- Credit rating information
- Historical defaulted loan information: loan ID, default date, outstanding balance at the time of default, estimated future payment or recovery as of 6/30/2016
- Projected payments from the HFCLIF on currently defaulted projects or projects anticipated to default
- Information on resolved loans and expectations of future reimbursements to the HFCLIF
- Historical investment earnings of the HFCLIF
- Up-front premium for loans issued since the last report as well as premium receipts by month for all annual-premium loans
- Information on historical and expected administrative expenses, application income, and certification and inspection fees
- Financial statements for each insured for two fiscal years ending during calendar years 2014 and 2015
- A detailed debt relief payment plan for Kern Valley Healthcare District

Oliver Wyman also relied on industry data as follows:

- Countrywide information regarding defaulted bonds for nursing homes and hospitals prepared by Income Securities Advisors
- Countrywide information regarding bond issues for the period 2005 to 2016 for nursing homes and hospitals prepared by Alacra, Inc.

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Distribution and Use

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

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

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Considerations and Limitations

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

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

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

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

Additional uncertainty is introduced with discounting of reserves. In addition to the risk of underestimating or overestimating the overall amount of the nominal reserves, there is the additional risk that the timing of the future payment of those liabilities will differ from the expected payout, or that the future actual rate will differ from the assumed rate used for

determining present value factors. Actual payments could occur materially more or less rapidly than projected, due to random variations. No specific provision has been included for this additional risk.

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

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

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

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

This actuarial analysis involves various assumptions related to future contingent events. Actuarial standards of practice require disclosure of situations in which reasonable alternative assumptions would result in estimates which are materially different from those presented in this analysis. While Oliver Wyman believes that the assumptions selected in this analysis are reasonable for this situation, reasonable alternative assumptions may produce estimates that are materially different from the estimates presented in this analysis. Such assumptions include, but are not limited to: default rates, investment yields, termination rates, claim severities, catastrophic losses, and payment patterns. This is particularly true with respect to the

Program, where the low frequency/high severity nature of this coverage implies greater volatility of possible outcomes.

The models may retain more digits than those displayed. In addition, the results of certain calculations may be presented in the exhibits with more or less digits than would be considered significant. As a result, it should be recognized that (i) there may be rounding differences between the results of calculations presented in the exhibits and replications of those calculations based on displayed underlying amounts, and (ii) calculation results may not have been adjusted to reflect the precision of the calculation.

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

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Acknowledgment of Qualifications

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

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Legend

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

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

**Summary of California Statutory Requirements
Based on Data as of June 30, 2016**

	Statutory Item	Total Reserve without Pipeline IBNR	Total Reserve with Pipeline IBNR
(1)	Capital and Surplus	75,000,000	75,000,000
(2)	Case Reserve (Current Default)	69,988,873	69,988,873
(3)	Pipeline IBNR Reserve	N/A	4,351,500
(4)	Recoveries	(16,769,068)	(16,769,068)
(5)	Contingency Reserve	13,103,921	13,103,921
(6)	Unearned Premium Reserve	62,792,359	62,792,359
(7)	Total	204,116,086	208,467,586

Notes:

- (1) *Minimum capital and surplus requirement according to California Statutory Insurance Code Section 12107*
- (2) *From Section I, Exhibit 2, Column (11) - Total defaulted as of 6/30/16*
- (3) *From Section I, Exhibit 2, Column (11) - Pipeline defaulted after 6/30/16*
- (4) *From Section I, Exhibit 4, Column (9) and Section I, Exhibit 5, Column (5); including Kern Valley*
- (5) *From Section I, Exhibit 6, Row (3)*
- (6) *From Section I, Exhibit 7, Row (6)*
- (7) *Sum of Rows (1) through (6)*

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

Summary of Defaulted Loans - Current or in Pipeline
Case Reserves as of June 30, 2016

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Loan ID	Borrower	Dates of Default	Original Loan Balance	Loan Balance at Time of Default	Current Loan Principal Balances	Projected Principal and Interest Payment	Probability of Payment	Estimated Undiscounted Case Reserve	Discount Factor	Estimated Discounted Case Reserve
0695, 1007	Sherman Oaks Health System	7/26/1995, 12/11/2013	182,230,000	206,755,000	57,940,000	65,592,788	100%	65,592,788	98.8%	64,807,757
0764, 0830	Kern Valley Healthcare District *	6/23/2010, 7/1/2011	20,270,000	14,438,133	8,865,261	9,296,025				
	a) Kern Valley Shortfall					3,898,000	100%	3,898,000	98.7%	3,847,785
	b) Kern Valley Bond Payment to Trustee					5,398,025	25%	1,349,506	98.8%	1,333,331
Pipeline Default (Financial Performance Problems) **										
	Institute on Aging		45,405,000		41,145,000		10%	4,114,500	N/A	4,114,500
	LACADA		2,795,000		1,855,000		5%	92,750	N/A	92,750
	Mayers Memorial Hospital District		6,005,000		1,285,000		5%	64,250	N/A	64,250
	West Oakland Health Council		4,225,000		800,000		10%	80,000	N/A	80,000
	<i>Total Defaulted as of 6/30/16</i>		<i>202,500,000</i>	<i>221,193,133</i>	<i>66,805,261</i>			<i>70,840,294</i>		<i>69,988,873</i>
	<i>Pipeline Default After 6/30/16</i>		<i>58,430,000</i>	<i>N/A</i>	<i>45,085,000</i>			<i>4,351,500</i>		<i>4,351,500</i>
	TOTALS		260,930,000	221,193,133	111,890,261			75,191,794		74,340,373

Notes:

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

(9) = (7) x (8)

(10) from Section I, Exhibit 3

(11) = (9) x (10)

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

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

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

**Projected Principal and Interest Payment for Defaulted Loans
Nominal (Excluding Pipeline)
Based on Data as of June 30, 2016**

	(1)	(2)	(3)	(4)	(5)
Fiscal Year	Sherman Oaks Health System	Kern Valley Healthcare District Shortfall	Kern Valley Healthcare District Bond Payment to Trustee	Total	Total, Probability Adjusted
7/1/2016-6/30/2017	11,333,296	570,000	980,513	12,883,809	12,148,424
7/1/2017-6/30/2018	11,328,265	600,000	946,831	12,875,096	12,164,973
7/1/2018-6/30/2019	11,311,102	633,000	917,331	12,861,433	12,173,435
7/1/2019-6/30/2020	11,822,000	660,000	890,500	13,372,500	12,704,625
7/1/2020-6/30/2021	11,808,250	700,000	850,675	13,358,925	12,720,919
7/1/2021-6/30/2022	7,989,875	735,000	812,175	9,537,050	8,927,919
7/1/2022-6/30/2023					
7/1/2023-6/30/2024					
7/1/2024-6/30/2025					
7/1/2025-6/30/2026					
(6) Total (Undiscounted)	65,592,788	3,898,000	5,398,025	74,888,813	70,840,294
(7) Expected PV(loss) after 6/30/16	64,807,757	3,847,785	5,333,324	73,988,866	69,988,873
(8) Discount Factor	98.80%	98.71%	98.80%	98.80%	98.80%
(9) Probability of Payment	100.00%	100.00%	25.00%		

Notes:

- (1) Provided by Cal-Mortgage
- (2) Provided by Cal-Mortgage
- (3) Provided by Cal-Mortgage
- (4) = (1) + (2) + (3)
- (5) = 4, adjusted by probability of payment in (9)
- (6) Sum of each column
- (7) Discounted total of payments, based on interest rate in Section I, Exhibit 9
- (8) = (7) / (6)
- (9) from Section I, Exhibit 2, Column 8

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

**Summary of Resolved Loans
Based on Data as of June 30, 2016**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Loan ID	Borrower	Original Loan Balance	Date of Loan Default	Loan Balance at Time of Default	Total Net Payment From HFCLIF*	Date Resolved	Estimated Recoveries or Future Income**	Estimated Discounted Recovery
0446, 0846, 0926	Hermandad Mexicana Nacional	4,585,000	12/29/1998	4,095,000	4,378,564	9/9/2010	940,677	919,389
0738, 0739, 0748	Los Medanos HealthCare District	11,080,000	8/28/1995	9,161,896	1,902,671	6/18/2007	1,200,000	1,188,670
0862,0867, 0973	Verdugo Mental Health	6,315,000	12/9/2010	5,220,000	4,752,174	5/13/2011	7,082,948	6,741,419
0564, 0929, 0944, 0945	Mendocino Coast District Hospital	12,830,000	12/14/2012	1,005,806	1,005,806	3/31/2015	1,258,954	1,244,346
TOTALS		34,810,000			12,039,215		10,482,579	10,093,823

Notes:

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

(9) From Section I, Exhibit 5

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

** Recovery or future income includes principal and interest income

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

Estimated Recoveries by Borrower
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Fiscal Period	Hermandad Mexicana Nacional	Los Medanos HealthCare District	Verdugo Mental Health	Mendocino Coast District Hospital	Kern Valley Healthcare District *	Total	Total, Probability Adjusted
7/1/2016-6/30/2017	72,897	100,000	252,962	146,749	155,200	727,808	689,008
7/1/2017-6/30/2018	72,897	100,000	252,962	166,644	182,440	774,944	729,334
7/1/2018-6/30/2019	72,897	500,000	252,962	233,207	211,180	1,270,247	1,217,452
7/1/2019-6/30/2020	72,897	500,000	252,962	223,207	241,570	1,290,637	1,230,244
7/1/2020-6/30/2021	72,897		252,962	243,884	273,310	843,053	774,726
7/1/2021-6/30/2022	72,897		252,962	245,264	307,050	878,173	801,411
7/1/2022-6/30/2023	72,897		252,962		1,052,340	1,378,200	1,115,115
7/1/2023-6/30/2024	72,897		252,962		1,025,590	1,351,450	1,095,052
7/1/2024-6/30/2025	72,897		252,962		993,340	1,319,200	1,070,865
7/1/2025-6/30/2026	72,897		252,962		980,840	1,306,700	1,061,490
7/1/2026-6/30/2027	72,897		252,962		967,090	1,292,950	1,051,177
7/1/2027-6/30/2028	72,897		252,962		962,090	1,287,950	1,047,427
7/1/2028-6/30/2029	65,907		252,962		935,340	1,254,209	1,020,374
7/1/2029-6/30/2030			252,962		899,635	1,152,597	927,688
7/1/2030-6/30/2031			252,962			252,962	252,962
7/1/2031-6/30/2032			252,962			252,962	252,962
7/1/2032-6/30/2033			252,962			252,962	252,962
7/1/2033-6/30/2034			252,962			252,962	252,962
7/1/2034-6/30/2035			252,962			252,962	252,962
7/1/2035-6/30/2036			252,962			252,962	252,962
7/1/2036-6/30/2037			252,962			252,962	252,962
7/1/2037-6/30/2038			252,962			252,962	252,962
7/1/2038-6/30/2039			252,962			252,962	252,962
7/1/2039-6/30/2040			252,962			252,962	252,962
7/1/2040-6/30/2041			252,962			252,962	252,962
7/1/2041-6/30/2042			252,962			252,962	252,962
7/1/2042-6/30/2043			252,962			252,962	252,962
7/1/2043-6/30/2044			252,962			252,962	252,962
7/1/2044-6/30/2045							
7/1/2045-6/30/2046							
7/1/2046-6/30/2047							
7/1/2047-6/30/2048							
(8) Total (undiscounted)	940,677	1,200,000	7,082,948	1,258,954	9,187,012	19,669,590	17,372,837
(9) Probability of recovery	100%	100%	100%	100%	75%		
(10) Probable recovery	940,677	1,200,000	7,082,948	1,258,954	6,890,259	17,372,837	17,372,837
(11) Discounted at 0.4%	919,389	1,188,670	6,741,419	1,244,346	6,675,245	16,769,068	16,769,068

Notes:

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

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

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

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

**Contingency Reserves Calculation
Based on Data as of June 30, 2016**

(1) Principal Outstanding	1,637,990,120
(2) Contingency Factor	0.80%
(3) Contingency Reserves Requirement	13,103,921

Notes:

(1) Provided by Cal-Mortgage

(2) According to California Statutory Insurance Code Section 12108

(3) = (1) x (2)

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

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

**Unearned Premium Reserves Calculation
Based on Data as of June 30, 2016**

	(1)	(2)	(3)
Month	Annual Premium	Unearned Premium Reserve Factor	Unearned Premium Reserves
Jul-15	0	0.0417	0
Aug-15	8,498	0.1250	1,062
Sep-15	0	0.2083	0
Oct-15	10,908	0.2917	3,182
Nov-15	12,199	0.3750	4,575
Dec-15	0	0.4583	0
Jan-16	23,887	0.5417	12,939
Feb-16	0	0.6250	0
Mar-16	0	0.7083	0
Apr-16	9,551	0.7917	7,561
May-16	0	0.8750	0
Jun-16	0	0.9583	0
(4)	Subtotal (Annual Premium)		29,318
(5)	Subtotal (One-time Premium)		62,763,041
(6)	Total Unearned Premium Reserves		62,792,359

Notes:

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Unearned Premium Reserves Calculation - One-time Nonrefundable Premium*
Based on Data as of June 30, 2016

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Project Number	Borrower Name	Project Name	Facility Group	Date Loan Insured	Original Insured Amount	Current Principal Balance	Total Premium	Unearned Premium
0764	KERN VALLEY HEALTHCARE DISTRICT	KERN VALLEY HEALTHCARE DISTRICT - L O C	HOSP	23-Jun-2000	2,500,000	1,055,261	6,075	0
0777	PROTOTYPES	PROTOTYPES	OTHER	27-Jun-2001	4,195,000	1,760,000	228,529	85,878
0784	INSTITUTE ON AGING	INSTITUTE ON AGING	MULTI	28-Aug-2008	41,405,000	38,145,000	2,614,628	2,408,786
0804	NORTH COUNTY SERENITY HOUSE	NORTH COUNTY SERENITY HOUSE	OTHER	28-Jan-2003	5,795,000	3,400,000	314,395	184,460
0815	PRINCIPLES, INC.	PRINCIPLES, INC.	OTHER	29-Apr-2003	2,040,000	860,000	92,054	38,807
0821	WEST OAKLAND HEALTH COUNCIL, INC.	WEST OAKLAND HEALTH COUNCIL, INC.	CLINIC	21-Jul-2003	2,225,000	800,000	85,442	30,721
0824	DEL NORTE CLINICS, INC. - AMPLA HEALTH	DEL NORTE CLINICS, INC. - AMPLA HEALTH - RADIANT	CLINIC	23-Dec-2003	8,795,000	5,670,000	45,610	29,404
0826	MOMENTUM FOR MENTAL HEALTH	MOMENTUM FOR MENTAL HEALTH - AMBAC	OTHER	13-Nov-2003	10,500,000	4,375,000	462,698	182,791
0830	KERN VALLEY HEALTHCARE DISTRICT	KERN VALLEY HEALTHCARE DISTRICT	HOSP	26-Sep-2003	17,770,000	7,810,000	821,553	351,076
0843	MAYERS MEMORIAL HOSPITAL DISTRICT	MAYERS MEMORIAL HOSPITAL DISTRICT	HOSP	28-Mar-2007	6,005,000	1,285,000	222,532	47,619
0851	HEALTHRIGHT 360	HEALTHRIGHT 360 (WALDEN HOUSE) - RADIANT	OTHER	30-Dec-2004	7,475,000	3,195,000	316,354	135,218
0855	SOLHEIM LUTHERAN HOME	SOLHEIM LUTHERAN HOME F G I C	MULTI	02-Dec-2004	6,415,000	1,160,000	211,961	38,328
0859	COMMUNITY MEDICAL CENTER, INC.	COMMUNITY MEDICAL CENTERS, INC. - F G I C	CLINIC	12-Apr-2005	3,220,000	1,590,000	145,060	71,629
0875	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY - A M B A C	MULTI	20-Dec-2005	16,125,000	8,850,000	686,887	366,012
0877	KINSHIP CENTER	SENECA RESIDENTIAL AND DAY TREATMENT CENTER FOR CHILDREN - KINSHIP CENTER	CLINIC	14-Mar-2006	2,910,000	2,080,000	146,051	104,394
0883	LODI MEMORIAL HOSPITAL ASSOCIATION, INC.	LODI MEMORIAL HOSPITAL ASSOCIATION, INC.	HOSP	13-Dec-2007	150,000,000	133,625,000	5,651,669	5,034,695
0885	OPTIONS FAMILY OF SERVICES	OPTIONS FAMILY OF SERVICES	OTHER	30-May-2007	3,090,000	2,350,000	161,838	123,081
0886	LOS ANGELES CENTERS FOR ALCOHOL & DRUG ABUSE	LOS ANGELES CENTERS FOR ALCOHOL AND DRUG ABUSE	OTHER	30-May-2007	2,795,000	1,855,000	141,153	93,881
0891	ASIAN COMMUNITY SKILLED NURSING FACILITY	ASIAN COMMUNITY SKILLED NURSING FACILITY - A M B A C	SNF	03-Oct-2007	19,405,000	17,555,000	1,052,203	951,880
0894	HILL COUNTRY COMMUNITY CLINIC	HILL COUNTRY COMMUNITY CLINIC	CLINIC	30-Oct-2007	5,250,000	4,420,000	274,884	231,426
0895	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	MULTI	14-Feb-2008	59,595,000	18,595,000	2,694,101	840,621
0897	VALLEY HEALTH TEAM, INC.	VALLEY HEALTH TEAM, INC.	CLINIC	11-Mar-2008	2,325,000	1,635,000	112,760	79,296
0900	LA MAESTRA FAMILY CLINIC, INC.	LA MAESTRA FAMILY CLINIC, INC.	CLINIC	04-Sep-2008	18,500,000	16,640,000	1,029,251	925,770
0902	HEALTHRIGHT 360	HEALTHRIGHT 360 (WALDEN HOUSE - L O C)	OTHER	16-Jul-2008	4,500,000	4,500,000	10,800	0
0908	PILGRIM PLACE IN CLAREMONT, INC.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI	19-Aug-2009	26,500,000	24,570,000	1,751,585	1,624,017
0911	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING - L O C	MULTI	20-Jan-2009	4,750,000	300,000	57,000	0
0929	MENDOCINO COAST HEALTH CARE DISTRICT CORP.	MENDOCINO COAST HOSPITAL	HOSP	14-Oct-2009	5,000,000	3,835,000	236,404	181,322
0930	SALUD PARA LA GENTE	SALUD PARA LA GENTE	CLINIC	17-Mar-2010	3,350,000	2,440,000	142,165	103,547
0931	THE HELP GROUP	THE HELP GROUP	CLINIC	19-Nov-2009	5,395,000	4,880,000	335,920	303,854
0932	ST. ROSE HOSPITAL	ST. ROSE HOSPITAL - L O C	HOSP	28-May-2009	10,000,000	-	42,175	0
0936	SANTA ROSA COMMUNITY HEALTH CENTERS	SANTA ROSA COMMUNITY HEALTH CENTERS - SOUTHWEST COMMUNITY HEALTH CENTER	CLINIC	28-Feb-2010	13,270,000	12,230,000	824,867	760,220
0938	VALLEY COMMUNITY CLINIC	VALLEY COMMUNITY CLINIC	CLINIC	24-Mar-2010	2,040,000	1,835,000	131,139	117,961
0940	CASA DE LAS CAMPANAS	CASA DE LAS CAMPANAS	MULTI	28-Jan-2010	54,310,000	48,420,000	1,978,772	1,764,172
0943	CHANNING HOUSE	CHANNING HOUSE	MULTI	08-Jul-2010	64,020,000	52,250,000	3,528,100	2,877,190
0945	MENDOCINO COAST HEALTH CARE DISTRICT CORP.	MENDOCINO COAST HOSPITAL	HOSP	08-Jul-2010	2,875,000	2,140,000	129,059	96,065
0946	PETALUMA HEALTH CENTER	PETALUMA HEALTH CENTER	CLINIC	02-Jun-2010	5,865,000	5,420,000	363,956	336,341
0951	VOCATIONAL VISIONS	VOCATIONAL VISIONS	OTHER	09-Jul-2010	2,370,000	2,075,000	129,960	113,784
0952	NORTH KERN - SOUTH TULARE HOSPITAL DISTRICT	NORTH KERN - SOUTH TULARE HOSPITAL DISTRICT	SNF	09-Sep-2010	7,115,000	5,740,000	331,817	267,692
0953	SOUTHERN CALIFORNIA DEVELOPMENT - V O A, INC.	SOUTHERN CALIFORNIA DEVELOPMENT CORP OF THE V O A, INC.	OTHER	28-Apr-2011	4,485,000	4,110,000	278,947	253,226
0955	LINCOLN GLEN MANOR FOR SENIOR CITIZENS	LINCOLN GLEN MANOR	MULTI	27-Apr-2011	14,000,000	1,620,000	805,319	93,187
0956	ST. JOHN'S WELL CHILD AND FAMILY CENTER	ST. JOHN'S WELL CHILD AND FAMILY CENTER	CLINIC	30-Nov-2011	5,370,000	5,010,000	329,648	307,549
0961	UNITED HEALTH CENTER OF THE SAN JOAQUIN VALLEY	UNITED HEALTH CENTERS OF THE SAN JOAQUIN VALLEY	CLINIC	20-Apr-2011	5,020,000	4,630,000	343,846	317,133
0963	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	OTHER	17-Feb-2011	76,970,000	58,050,000	2,319,304	1,749,196
0964	FELLOWSHIP HOMES, INC.	FELLOWSHIP HOMES - CASA DE MODESTO	MULTI	07-Oct-2011	2,785,000	1,490,000	99,044	52,989
0971	T L C CHILD & FAMILY SERVICES	TLC CHILD & FAMILY SERVICES	OTHER	06-Oct-2011	2,475,000	1,820,000	94,578	69,842
0974	GATEWAYS HOSPITAL & MENTAL CENTERS	GATEWAYS HOSPITAL & MENTAL HEALTH CENTER	HOSP	01-Dec-2011	8,085,000	7,235,000	428,068	383,064
0976	THE HELP GROUP	THE HELP GROUP	CLINIC	23-Oct-2011	23,360,000	17,055,000	901,645	658,286
0990	BEACON HOUSE	BEACON HOUSE ASSOCIATION, THE	OTHER	20-Oct-2011	1,605,000	1,070,000	55,900	39,743
8338	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER - AMBAC	HOSP	25-Mar-2004	20,000,000	20,000,000	1,943,759	1,943,759
803A	ENLOE MEDICAL CENTER	ENLOE MEDICAL CENTER	HOSP	21-Aug-2008	68,915,000	43,130,000	1,935,403	1,211,259
0991	ARARAT HOME OF LOS ANGELES, INC.	ARARAT HOME OF LOS ANGELES, INC.	MULTI	26-Nov-2012	2,990,000	1,950,000	103,445	67,464
0999	BECOMING INDEPENDENT	BECOMING INDEPENDENT	OTHER	30-Apr-2013	4,865,000	4,045,000	188,500	156,728
0985	CENTRO DE SALUD DE LA COMUNIDAD DE SAN YSIDRO	SAN YSIDRO HEALTH CENTER	CLINIC	19-Mar-2013	37,730,000	35,670,000	2,093,096	1,978,806
0988	CHINESE HOSPITAL	CHINESE HOSPITAL	HOSP	08-Nov-2012	65,000,000	63,715,000	2,347,615	2,301,205
1002	COMMUNITY CHURCH RETIREMENT CENTER	COMMUNITY CHURCH RETIREMENT CENTER (THE REDWOODS)	MULTI	26-Nov-2013	29,970,000	29,970,000	1,700,435	1,700,435
0981	HOPE SERVICES	HOPE SERVICES	OTHER	28-Sep-2012	3,185,000	1,170,000	76,664	28,162
1012	INSTITUTE ON AGING	INSTITUTE ON AGING - L O C	MULTI	24-Mar-2014	4,000,000	3,000,000	6,750	0
0992	LOMPPOC DISTRICT HOSPITAL	LOMPPOC DISTRICT HOSPITAL	HOSP	07-Mar-2013	18,675,000	18,470,000	861,510	843,024
0984	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	MULTI	20-Sep-2012	17,165,000	86,250,000	2,270,808	2,114,272
0984	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER	HOSP	26-Sep-2012	17,805,000	11,865,000	414,659	276,323
1001	MONTECEDRO	MONTECEDRO	MULTI	12-Jun-2014	140,305,000	76,045,000	5,513,337	2,988,217
0986	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	MULTI	04-Apr-2013	32,315,000	26,230,000	806,505	654,638
0987	O'CONNOR WOODS HOLDING COMPANY	O'CONNOR WOODS	MULTI	12-Jun-2013	49,115,000	47,040,000	1,799,465	1,723,442
0982	ODD FELLOWS HOME OF CALIFORNIA	ODD FELLOWS HOME OF CALIFORNIA	MULTI	25-Oct-2012	88,500,000	89,055,000	3,638,187	3,287,658
1003	POWAY R H F HOUSING, INC.	POWAY R H F HOUSING, INC. - THE GATEWAY	MULTI	07-Nov-2013	13,345,000	12,590,000	675,468	637,253
0983	SAN BENITO HEALTH CARE DISTRICT	SAN BENITO HEALTH CARE DISTRICT	HOSP	19-Mar-2013	24,915,000	21,915,000	953,981	839,112
1010	SOUTHERN CALIFORNIA DEVELOPMENT - V O A, INC.	SOUTHERN CALIFORNIA DEVELOPMENT CORPORATION OF THE V O A, INC.	OTHER	10-Feb-2014	500,000	454,859	23,667	21,530
1011	ST. JOHN'S WELL CHILD AND FAMILY CENTER	ST. JOHN'S WELL CHILD AND FAMILY CENTER - L O C	CLINIC	14-Jan-2014	700,000	1,792,000	0	0
0977	THE HELP GROUP	THE HELP GROUP	CLINIC	02-Nov-2012	6,210,000	5,820,000	384,321	360,185
1018	CALIFORNIA NEVADA METHODIST HOMES	FOREST HILL MANOR (CA NEV METHODIST HOMES)	MULTI	20-Oct-2015	32,920,000	32,920,000	1,368,150	1,368,150
1015	CASA DE LAS CAMPANAS	CASA DE LAS CAMPANAS	MULTI	04-Dec-2014	19,000,000	19,000,000	279,145	279,145
1021	ENLOE MEDICAL CENTER	ENLOE MEDICAL CENTER	HOSP	19-Nov-2015	173,730,000	173,730,000	3,346,810	3,346,810
1016	LINCOLN GLEN MANOR FOR SENIOR CITIZENS	LINCOLN GLEN MANOR	MULTI	11-Feb-2015	11,965,000	11,965,000	402,951	402,951
1009	LOS ANGELES JEWISH HOME FOR THE AGING	LOS ANGELES JEWISH HOME FOR THE AGING	MULTI	27-Aug-2014	115,605,000	115,605,000	4,956,309	4,956,309
1017	MARSHALL MEDICAL CENTER	MARSHALL MEDICAL CENTER	HOSP	09-Apr-2015	26,895,000	26,775,000	791,050	787,521
1014	NORTHERN CALIFORNIA PRESBYTERIAN HOMES & SERVICES	NORTHERN CALIFORNIA PRESBYTERIAN HOMES	MULTI	15-Apr-2015	63,210,000	63,210,000	2,122,766	2,122,766
1027	SIERRA VIEW HOMES, INC.	SIERRA VIEW HOMES, INC.	MULTI	09-Jun-2016	12,310,000	12,310,000	342,440	342,440
1006	SOLVANG LUTHERAN HOME, INC.	SOLVANG LUTHERAN HOME, INC.	MULTI	17-Jul-2016	3,470,000	3,470,000	151,941	151,941
1025	ST. ROSE HOSPITAL	ST. ROSE HOSPITAL	HOSP	25-May-2016	38,000,000	38,000,000	1,014,952	1,014,952
1020	WEST OAKLAND HEALTH COUNCIL, INC.	WEST OAKLAND HEALTH COUNCIL, INC.	CLINIC	31-Jul-2015	2,000,000	2,000,000	3,900	0
TOTALS					1,963,310,000	1,627,505,120	77,454,084	62,763,041

Notes:
(1) - (8) Provided by Cal-Mortgage
(9) = (7) / (6) x (8), capped by total premium
* Under California Health Facility Construction Loan Insurance Law Section 129040, one-time premiums are nonrefundable

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

Selection of Interest Rate for Discounting
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)
Fiscal Period	HFCLIF Balance	Interest Annualized	Prorated Interest for Period	Return on Investment Portfolio
7/1/1997-12/31/1997	127,889,020	7,276,885	3,638,443	5.69%
1/1/1998-6/30/1998	130,409,899	7,399,458	3,699,729	5.67%
7/1/1998-12/31/1998	126,990,090	7,051,760	3,525,880	5.55%
1/1/1999-6/30/1999	159,456,957	8,186,520	4,093,260	5.13%
7/1/1999-12/31/1999	149,281,965	7,973,150	3,986,575	5.34%
1/1/2000-6/30/2000	152,519,901	9,129,841	4,564,921	5.99%
7/1/2000-12/31/2000	149,965,171	9,737,239	4,868,619	6.49%
1/1/2001-6/30/2001	151,922,050	8,706,653	4,353,326	5.73%
7/1/2001-12/31/2001	174,327,647	6,960,903	3,480,451	3.90%
1/1/2002-6/30/2002	181,149,000	5,168,181	2,584,090	2.85%
7/1/2002-12/31/2002	181,106,389	4,469,706	2,234,853	2.47%
1/1/2003-6/30/2003	181,404,676	3,372,311	1,686,156	1.86%
7/1/2003-12/31/2003	184,542,439	2,934,225	1,467,112	1.59%
1/1/2004-3/31/2004	181,579,913	2,663,777	665,944	1.47%
4/1/2004-6/30/2004	183,735,388	2,647,627	661,907	1.44%
7/1/2004-9/30/2004	176,758,235	2,943,025	735,756	1.67%
10/1/2004-12/31/2004	176,648,551	3,564,039	891,010	2.00%
1/1/2005-3/31/2005	174,733,992	4,146,438	1,036,609	2.37%
4/1/2005-6/30/2005	177,398,499	5,057,631	1,264,408	2.85%
7/1/2005-9/30/2005	169,095,069	5,373,841	1,343,460	3.18%
10/1/2005-12/31/2005	170,862,917	6,195,489	1,548,872	3.63%
1/1/2006-3/31/2006	169,424,477	6,831,195	1,707,799	4.03%
4/1/2006-6/30/2006	173,933,343	7,877,441	1,969,360	4.53%
7/1/2006-9/30/2006	167,723,683	8,262,069	2,065,517	4.93%
10/1/2006-12/31/2006	171,280,287	8,745,571	2,186,393	5.11%
1/1/2007-3/31/2007	171,603,322	8,875,324	2,218,831	5.17%
4/1/2007-6/30/2007	175,219,357	9,172,718	2,293,179	5.24%
7/1/2007-9/30/2007	173,438,748	9,081,253	2,270,313	5.24%
10/1/2007-12/31/2007	183,130,017	9,074,092	2,268,523	4.96%
1/1/2008-3/31/2008	185,259,745	7,732,742	1,933,185	4.17%
4/1/2008-6/30/2008	187,183,615	5,817,667	1,454,417	3.11%
7/1/2008-9/30/2008	194,378,806	5,382,349	1,345,587	2.77%
10/1/2008-12/31/2008	195,400,914	4,949,505	1,237,376	2.53%
1/1/2009-3/31/2009	188,974,751	3,596,190	899,047	1.90%
4/1/2009-6/30/2009	192,557,629	2,911,471	727,868	1.51%
7/1/2009-9/30/2009	186,028,962	1,653,797	413,449	0.89%
10/1/2009-12/31/2009	188,170,252	1,117,731	279,433	0.59%
1/1/2010-3/31/2010	189,155,230	1,042,245	260,561	0.55%
4/1/2010-6/30/2010	189,745,143	1,001,854	250,464	0.53%
7/1/2010-9/30/2010	186,821,208	939,711	234,928	0.50%
10/1/2010-12/31/2010	183,012,489	834,537	208,634	0.46%
1/1/2011-3/31/2011	177,557,763	901,993	225,498	0.51%
4/1/2011-6/30/2011	180,371,861	865,785	216,446	0.48%
7/1/2011-9/30/2011	172,621,639	650,784	162,696	0.38%
10/1/2011-12/31/2011	175,284,198	662,574	165,644	0.38%
1/1/2012-3/31/2012	173,020,993	647,099	161,775	0.37%
4/1/2012-6/30/2012	172,924,037	624,256	156,064	0.36%
7/1/2012-9/30/2012	163,306,354	569,939	142,485	0.35%
10/1/2012-12/31/2012	172,404,868	544,799	136,200	0.32%
1/1/2013-3/31/2013	166,174,038	456,979	114,245	0.28%
4/1/2013-6/30/2013	168,822,959	415,304	103,826	0.25%
7/1/2013-9/30/2013	166,133,110	413,671	103,418	0.25%
10/1/2013-12/31/2013	169,968,411	421,522	105,380	0.25%
1/1/2014-3/31/2014	168,128,807	373,246	93,311	0.22%
4/1/2014-6/30/2014	174,289,632	397,380	99,345	0.23%
7/1/2014-9/30/2014	169,685,222	397,063	99,266	0.23%
10/1/2014-12/31/2014	169,956,354	423,191	105,798	0.25%
1/1/2015-3/31/2015	168,495,914	427,980	106,995	0.25%
4/1/2015-6/30/2015	174,317,510	493,319	123,330	0.28%
7/1/2015-9/30/2015	163,154,159	615,567	128,892	0.32%
10/1/2015-12/31/2015	167,203,486	608,621	152,155	0.36%
1/1/2016-3/31/2016	165,731,565	783,910	195,978	0.47%
4/1/2016-6/30/2016	166,632,464	904,814	226,204	0.54%
TOTAL			82,579,407	

Weighted Average All Years	4.23%
Average 7/1/2007 to 6/30/2016	0.89%
Average 7/1/2009 to 6/30/2016	0.36%
Average 7/1/2011 to 6/30/2016	0.30%
Prior Selection	0.41%
Selected Discounting Interest Rate	0.36%
Standard Deviation All Years	2.05%
Standard Deviation 7/1/2005 to 6/30/2016	1.76%
Selected Standard Deviation	1.76%

Notes:
(1) Provided by Cal-Mortgage
(2) = (1) x (4)
(3) = (2) / 4
(4) Provided by Cal-Mortgage

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

**Distribution of Active Loans by Facility Type
Based on Data as of June 30, 2016**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Facility Type	Number of Projects	Number of Borrowers	Original Insured Amount	Principal Balance	Distribution By Number of Projects	Distribution By Number of Borrowers	Distribution By Original Loan Amount	Distribution By Principal Outstanding
Hospitals	18	11	660,400,000	575,680,261	19.8%	16.2%	33.2%	35.1%
Multi-levels	28	20	1,000,245,000	809,590,000	30.8%	29.4%	50.3%	49.4%
Clinics	23	17	157,835,000	130,455,000	25.3%	25.0%	7.9%	8.0%
SNF	2	2	26,520,000	23,295,000	2.2%	2.9%	1.3%	1.4%
Other	20	18	145,475,000	98,969,859	22.0%	26.5%	7.3%	6.0%
Total	91	68	1,990,475,000	1,637,990,120	100.0%	100.0%	100.0%	100.0%

Notes:

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

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

Summary of Debt Service Coverage Ratios

Facility Type	Weighted Average							Average							Median						
	2015	2014	2013	2012	2011	2010	2009	2015	2014	2013	2012	2011	2010	2009	2015	2014	2013	2012	2011	2010	2009
Hospitals	3.32	2.53	1.93	13.46	1.75	1.87	2.53	2.99	1.83	1.36	1.89	1.25	1.61	2.38	2.63	1.63	1.11	1.86	1.34	1.27	2.16
Multi-levels	1.74	2.18	2.68	2.90	2.26	2.99	3.15	2.29	2.00	2.23	1.60	1.87	1.87	3.41	1.84	1.79	2.16	1.67	1.77	1.91	2.17
Clinics	4.06	3.62	2.89	3.58	4.26	8.10	4.56	4.27	5.07	2.17	2.62	2.59	4.01	2.89	3.29	2.81	2.68	2.97	2.43	2.97	2.35
SNF	2.02	2.42	2.52	2.85	3.89	3.20	2.15	2.03	2.19	2.45	2.85	3.31	3.14	2.11	2.04	1.90	2.33	2.85	5.58	3.42	2.18
Other	1.63	1.52	1.86	2.30	5.28	3.23	3.27	1.83	1.52	1.88	3.18	5.33	3.26	2.28	1.59	1.58	1.34	1.11	1.73	1.52	1.59
Total	2.51	2.42	2.33	7.82	2.45	3.10	3.02	2.80	2.31	1.79	1.99	1.92	2.13	3.18	2.26	1.93	1.81	1.57	1.94	1.87	2.05

Summary of Income Debt Service Ratios

Facility Type	Weighted Average							Average							Median						
	2015	2014	2013	2012	2011	2010	2009	2015	2014	2013	2012	2011	2010	2009	2015	2014	2013	2012	2011	2010	2009
Hospitals	2.10	1.36	0.86	11.26	0.87	0.95	1.39	1.85	0.78	0.47	1.10	0.47	0.79	1.36	1.55	0.48	0.30	0.98	0.58	0.53	0.92
Multi-levels	0.46	0.94	1.43	1.84	0.86	1.15	1.94	1.07	0.98	1.21	0.86	1.06	1.12	1.82	0.68	0.90	1.00	0.82	1.05	1.11	1.21
Clinics	2.76	2.30	1.55	2.41	2.83	6.37	3.08	3.11	3.73	1.20	1.75	1.64	2.92	1.92	1.97	1.49	1.12	1.68	1.59	1.82	1.25
SNF	0.77	1.23	1.15	1.59	2.55	2.24	1.58	0.79	1.00	1.07	1.59	2.17	2.24	1.54	0.82	0.71	0.92	1.59	3.66	2.21	1.68
Other	1.10	1.05	1.21	1.47	4.45	2.53	2.43	1.22	0.97	1.24	2.36	4.50	2.55	1.46	1.15	1.15	0.78	0.65	1.27	0.90	0.96
Total	1.31	1.27	1.18	6.23	1.29	1.72	1.86	1.66	1.27	0.86	1.20	1.09	1.31	1.74	1.29	1.05	0.97	0.82	1.17	1.10	1.15

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

Debt Service Coverage Ratios

Facility Type	2015			2014			2013			2012			2011			2010			2009		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	18%	0%	82%	25%	8%	67%	46%	8%	46%	31%	0%	69%	42%	8%	50%	42%	8%	50%	21%	0%	79%
Multi-levels	25%	5%	70%	24%	10%	67%	16%	0%	84%	17%	6%	78%	5%	0%	95%	10%	5%	86%	14%	18%	68%
Clinics	5%	0%	95%	17%	4%	79%	23%	5%	73%	35%	0%	65%	14%	4%	82%	21%	3%	76%	25%	0%	75%
SNF	0%	0%	100%	50%	0%	50%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%	0%	0%	100%
Other	26%	16%	58%	18%	5%	77%	29%	19%	52%	48%	4%	48%	19%	8%	73%	27%	8%	65%	29%	7%	64%
Total	18%	6%	76%	21%	6%	73%	26%	8%	66%	34%	3%	64%	17%	4%	79%	22%	6%	72%	22%	6%	72%

Income Debt Service Ratios

Facility Type	2015			2014			2013			2012			2011			2010			2009		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	45%	0%	55%	67%	17%	17%	69%	0%	31%	54%	8%	38%	67%	0%	33%	67%	0%	33%	50%	7%	43%
Multi-levels	55%	10%	35%	57%	14%	29%	47%	11%	42%	67%	6%	28%	48%	14%	38%	38%	14%	48%	41%	9%	50%
Clinics	20%	5%	75%	38%	0%	63%	32%	23%	45%	48%	0%	52%	43%	0%	57%	34%	7%	59%	44%	6%	50%
SNF	100%	0%	0%	50%	0%	50%	50%	0%	50%	0%	0%	100%	0%	0%	100%	0%	0%	100%	25%	0%	75%
Other	47%	5%	47%	45%	5%	50%	62%	10%	29%	72%	12%	16%	42%	8%	50%	62%	8%	31%	54%	4%	43%
Total	43%	6%	51%	49%	7%	43%	51%	12%	38%	60%	6%	34%	46%	6%	48%	47%	8%	46%	46%	6%	48%

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

Summary of Debt Service Ratios

Debt Service Coverage Ratios

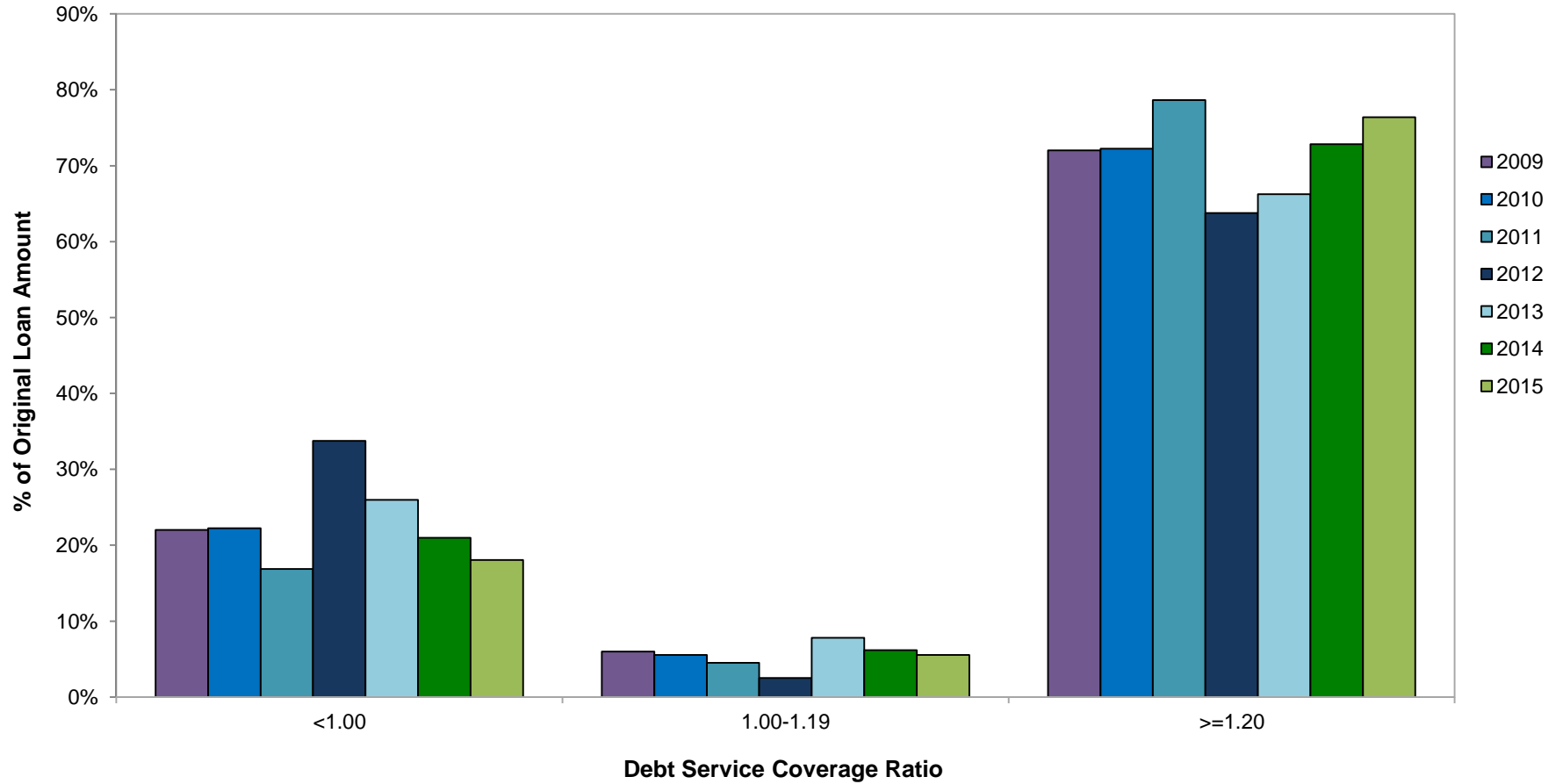
Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2009	22%	6%	72%	21%	0%	79%	14%	18%	68%	25%	0%	75%	0%	0%	100%	29%	7%	64%
2010	22%	6%	72%	42%	8%	50%	10%	5%	86%	21%	3%	76%	0%	0%	100%	27%	8%	65%
2011	17%	4%	79%	42%	8%	50%	5%	0%	95%	14%	4%	82%	0%	0%	100%	19%	8%	73%
2012	34%	3%	64%	31%	0%	69%	17%	6%	78%	35%	0%	65%	0%	0%	100%	48%	4%	48%
2013	26%	8%	66%	46%	8%	46%	16%	0%	84%	23%	5%	73%	0%	0%	100%	29%	19%	52%
2014	21%	6%	73%	25%	8%	67%	24%	10%	67%	17%	4%	79%	50%	0%	50%	18%	5%	77%
2015	18%	6%	76%	18%	0%	82%	25%	5%	70%	5%	0%	95%	0%	0%	100%	26%	16%	58%

Income Debt Service Ratios

Year	Total			Hospitals			Multi-levels			Clinics			SNF			Other		
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
2009	46%	6%	48%	50%	7%	43%	41%	9%	50%	44%	6%	50%	25%	0%	75%	54%	4%	43%
2010	47%	8%	46%	67%	0%	33%	38%	14%	48%	34%	7%	59%	0%	0%	100%	62%	8%	31%
2011	46%	6%	48%	67%	0%	33%	48%	14%	38%	43%	0%	57%	0%	0%	100%	42%	8%	50%
2012	60%	6%	34%	54%	8%	38%	67%	6%	28%	48%	0%	52%	0%	0%	100%	72%	12%	16%
2013	51%	12%	38%	69%	0%	31%	47%	11%	42%	32%	23%	45%	50%	0%	50%	62%	10%	29%
2014	49%	7%	43%	67%	17%	17%	57%	14%	29%	38%	0%	63%	50%	0%	50%	45%	5%	50%
2015	43%	6%	51%	45%	0%	55%	55%	10%	35%	20%	5%	75%	100%	0%	0%	47%	5%	47%

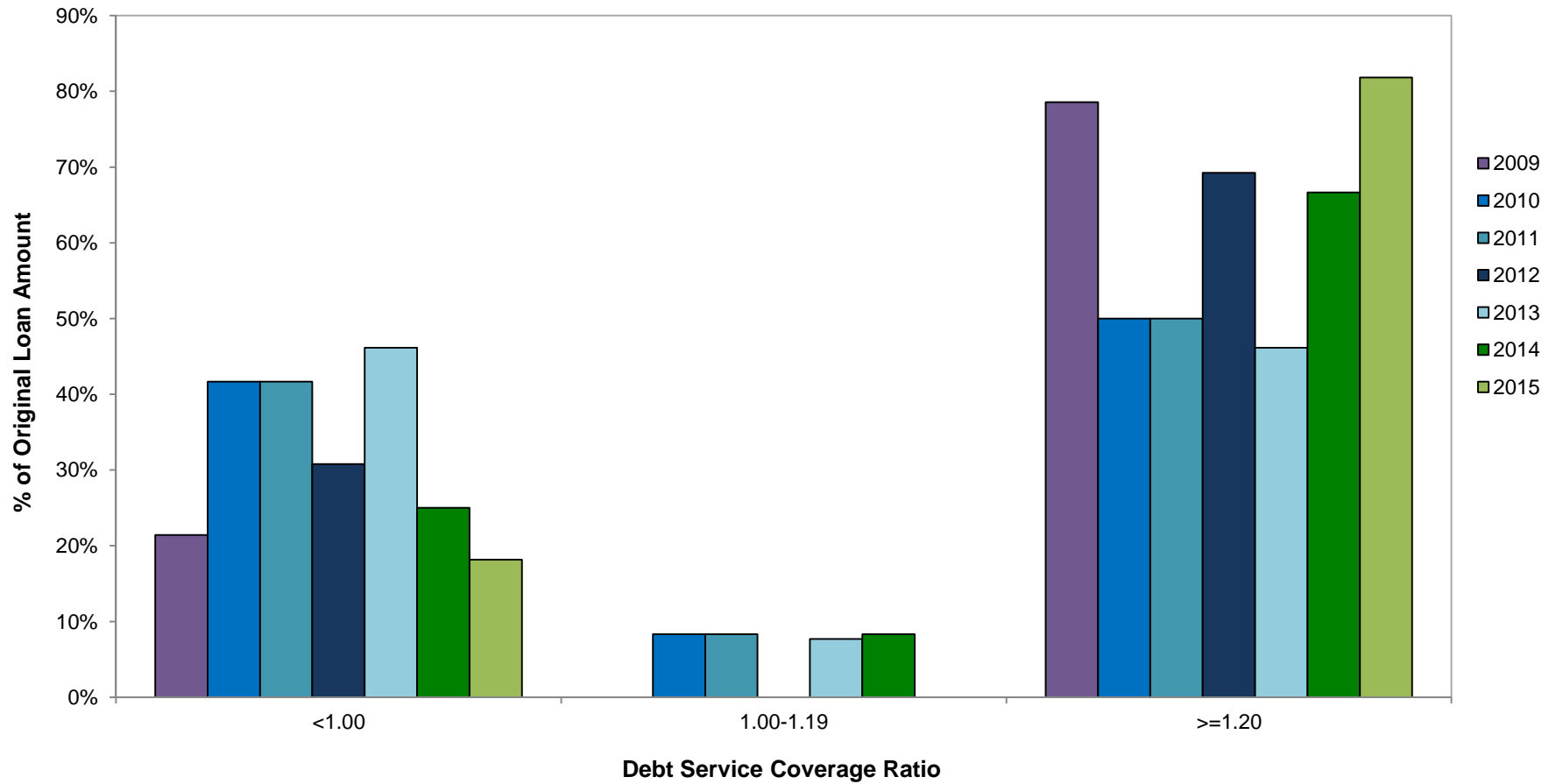
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution by Original Loan Amount**

TOTAL



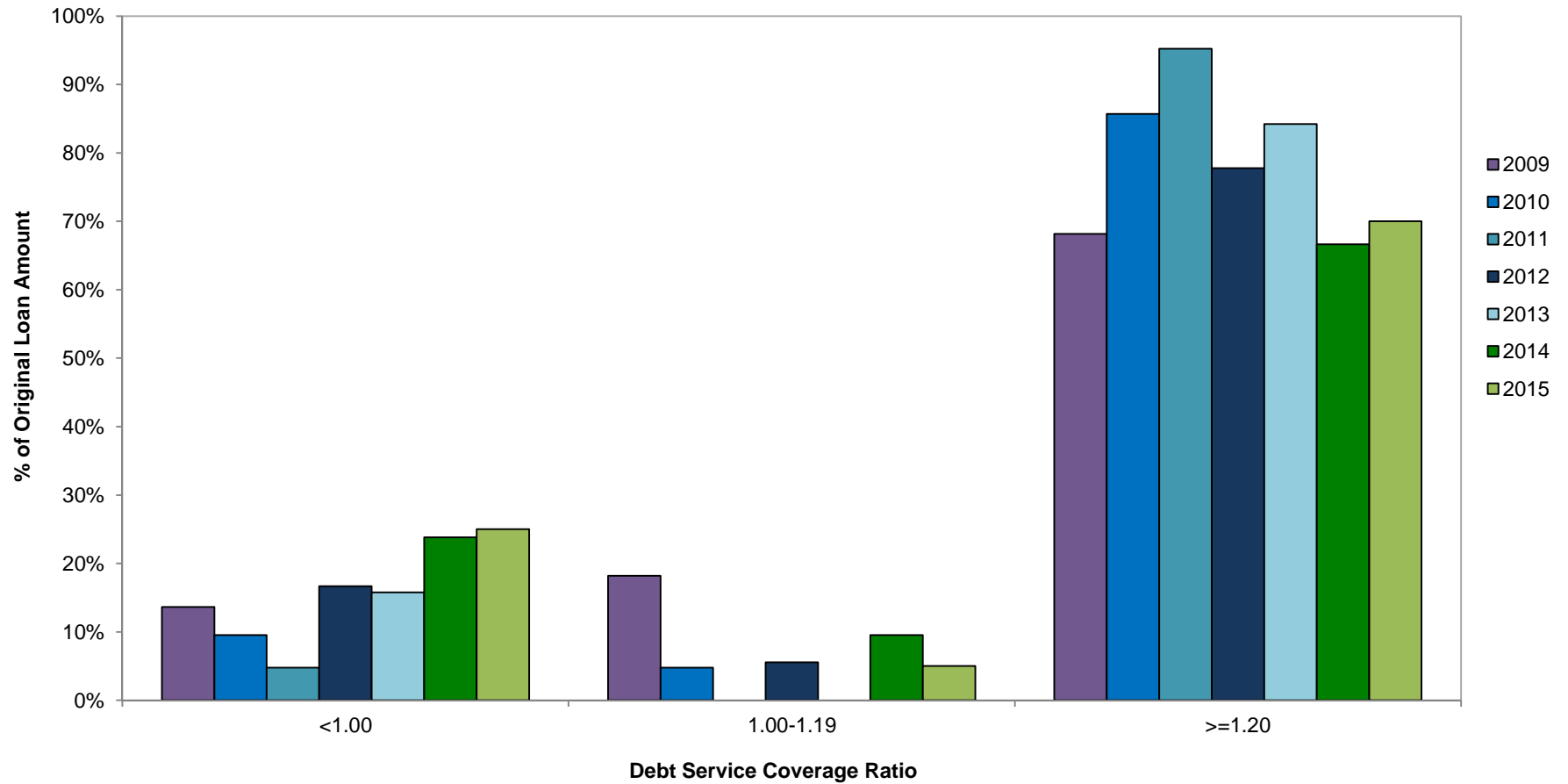
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

HOSPITALS



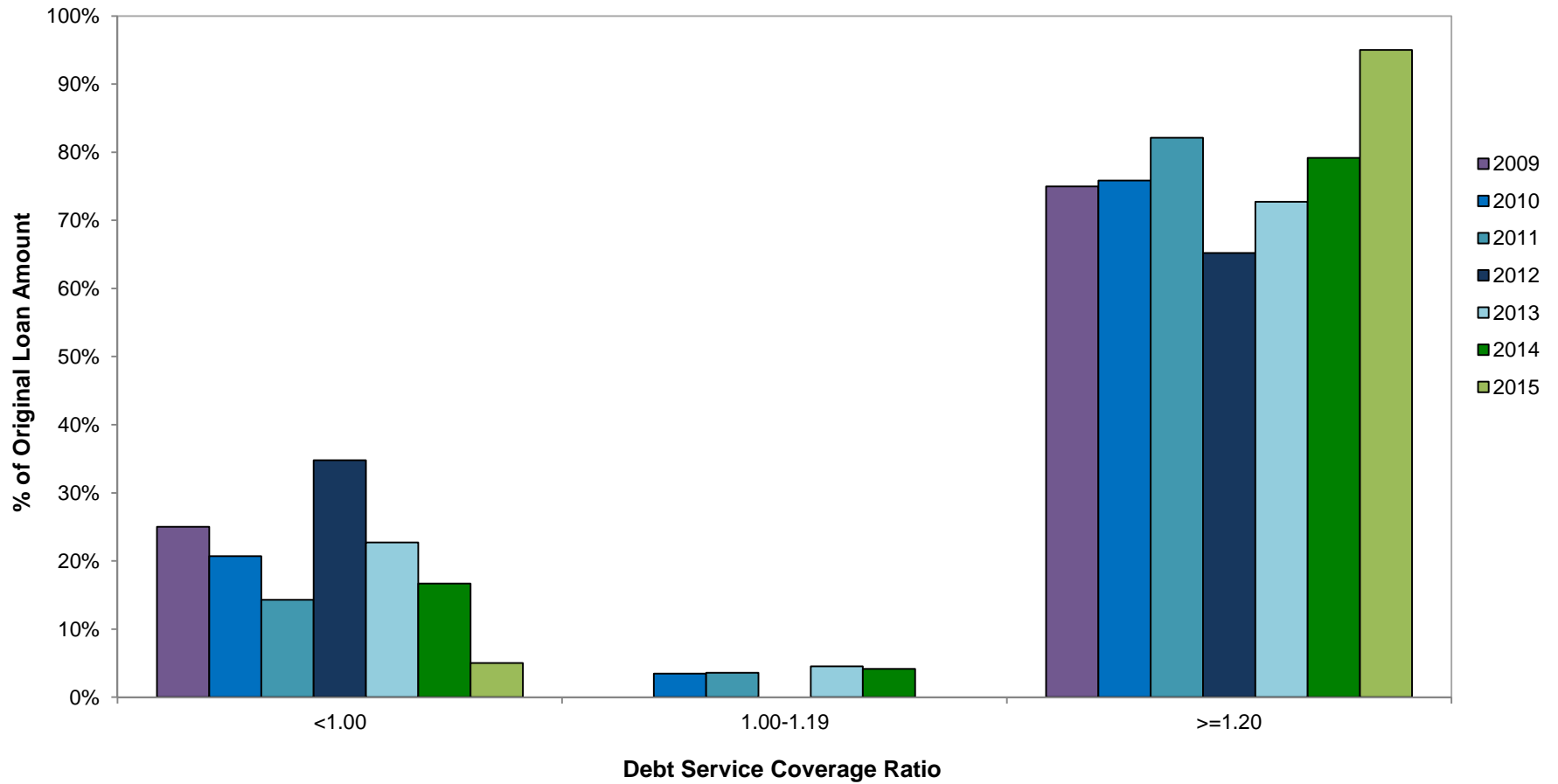
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution by Original Loan Amount**

MULTI-LEVELS



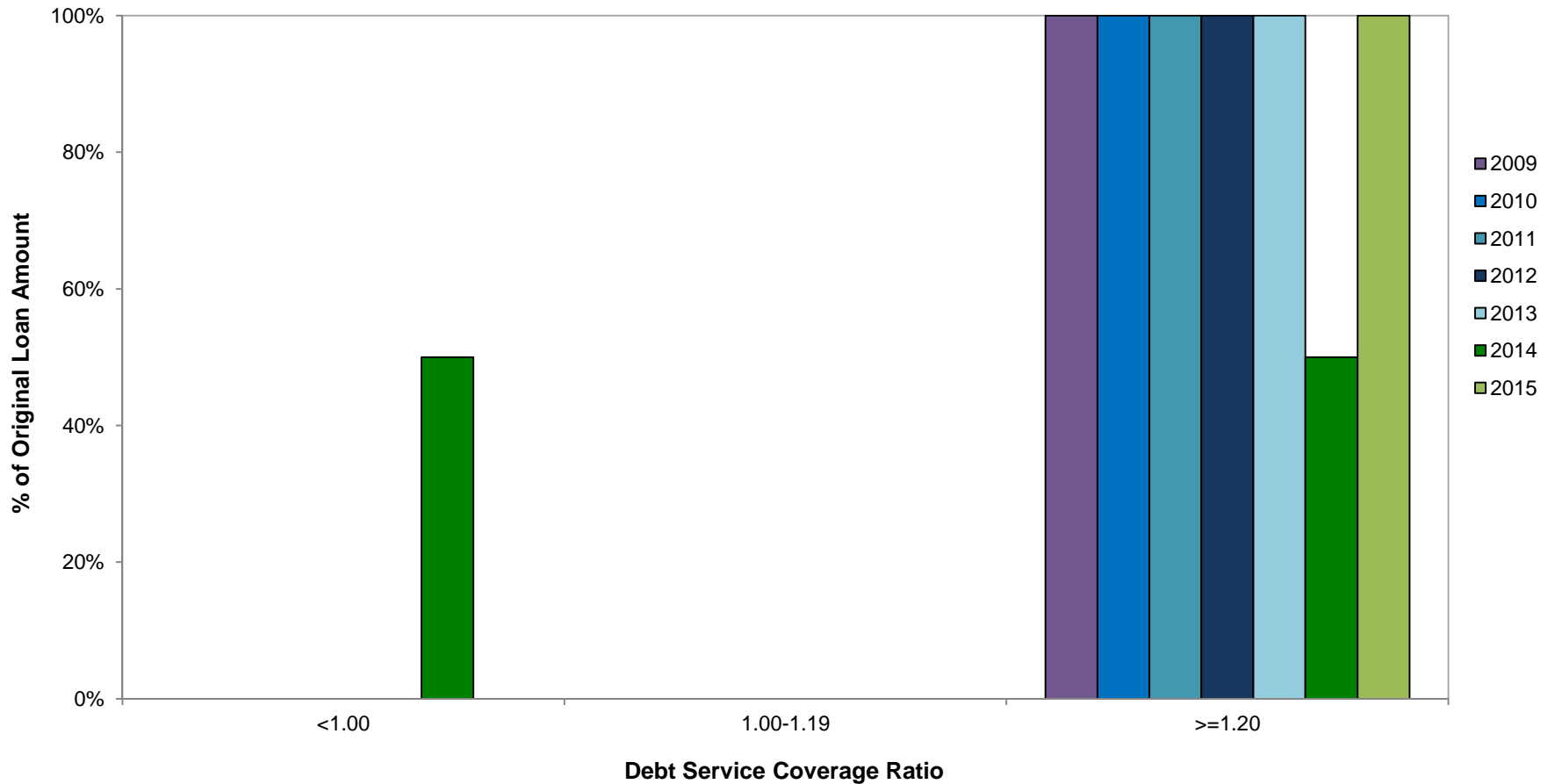
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

CLINICS



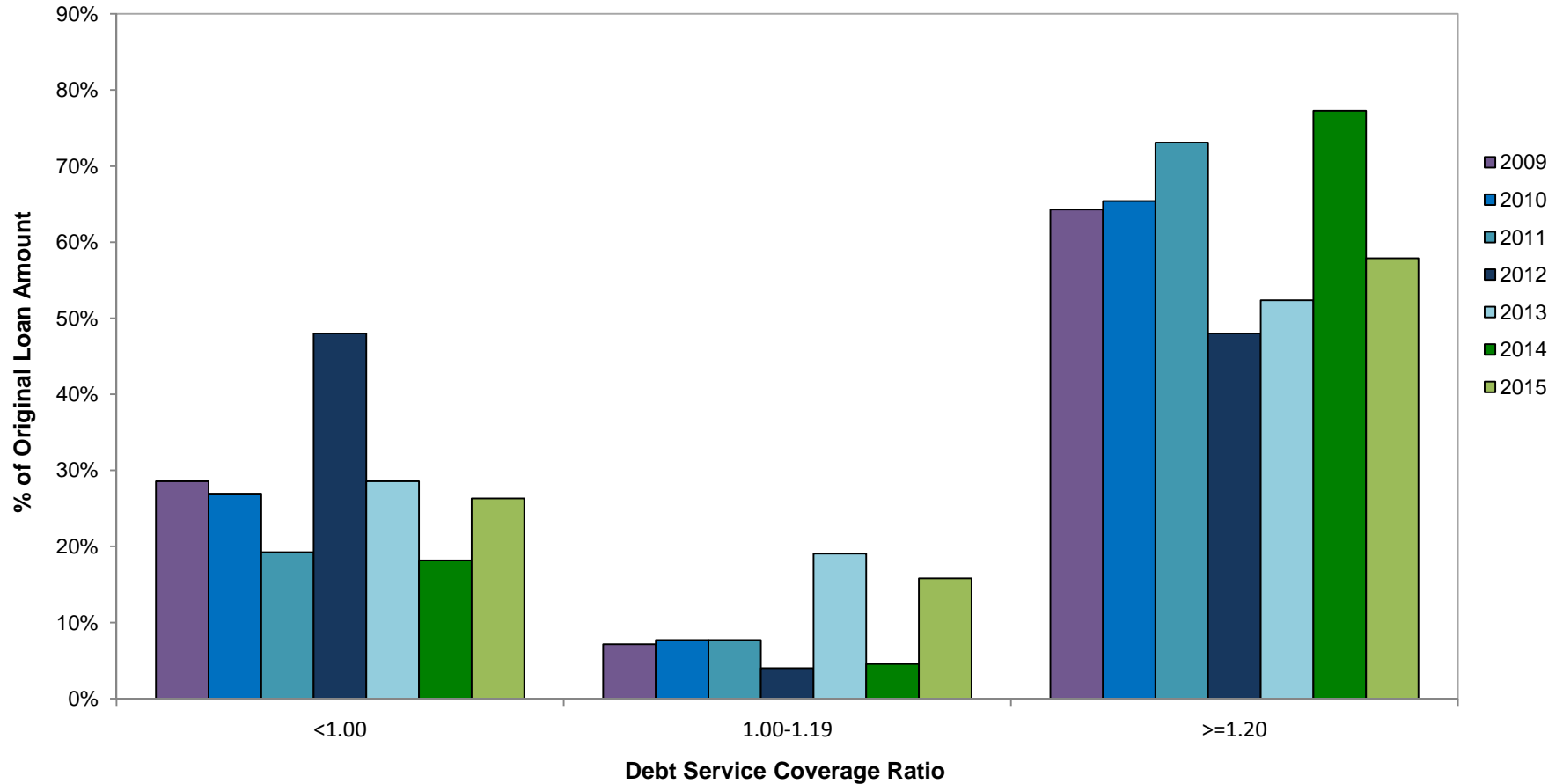
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution by Original Loan Amount**

SKILLED NURSING FACILITIES (SNF)



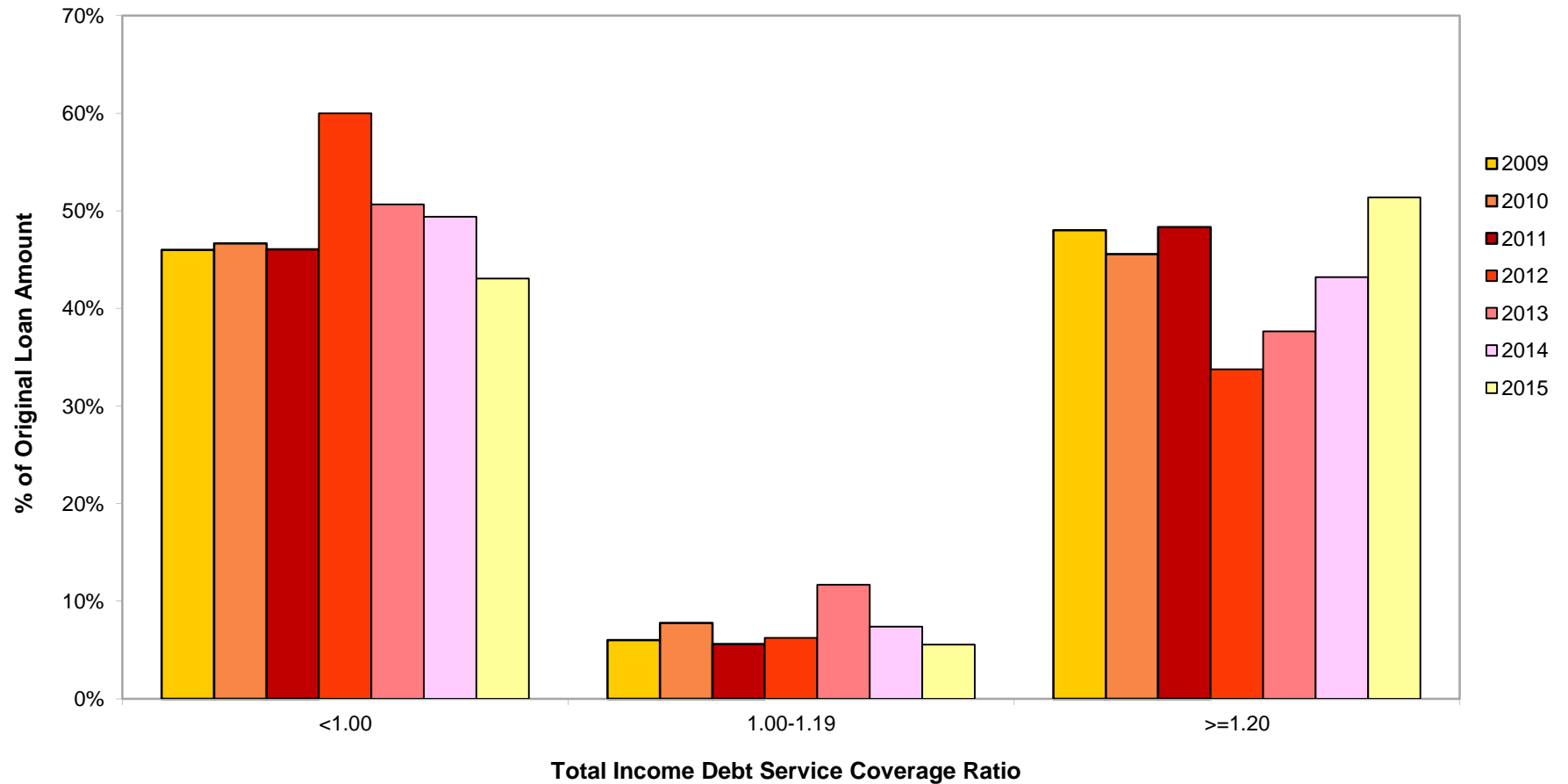
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Debt Service Coverage Ratios
 Distribution by Original Loan Amount**

OTHER



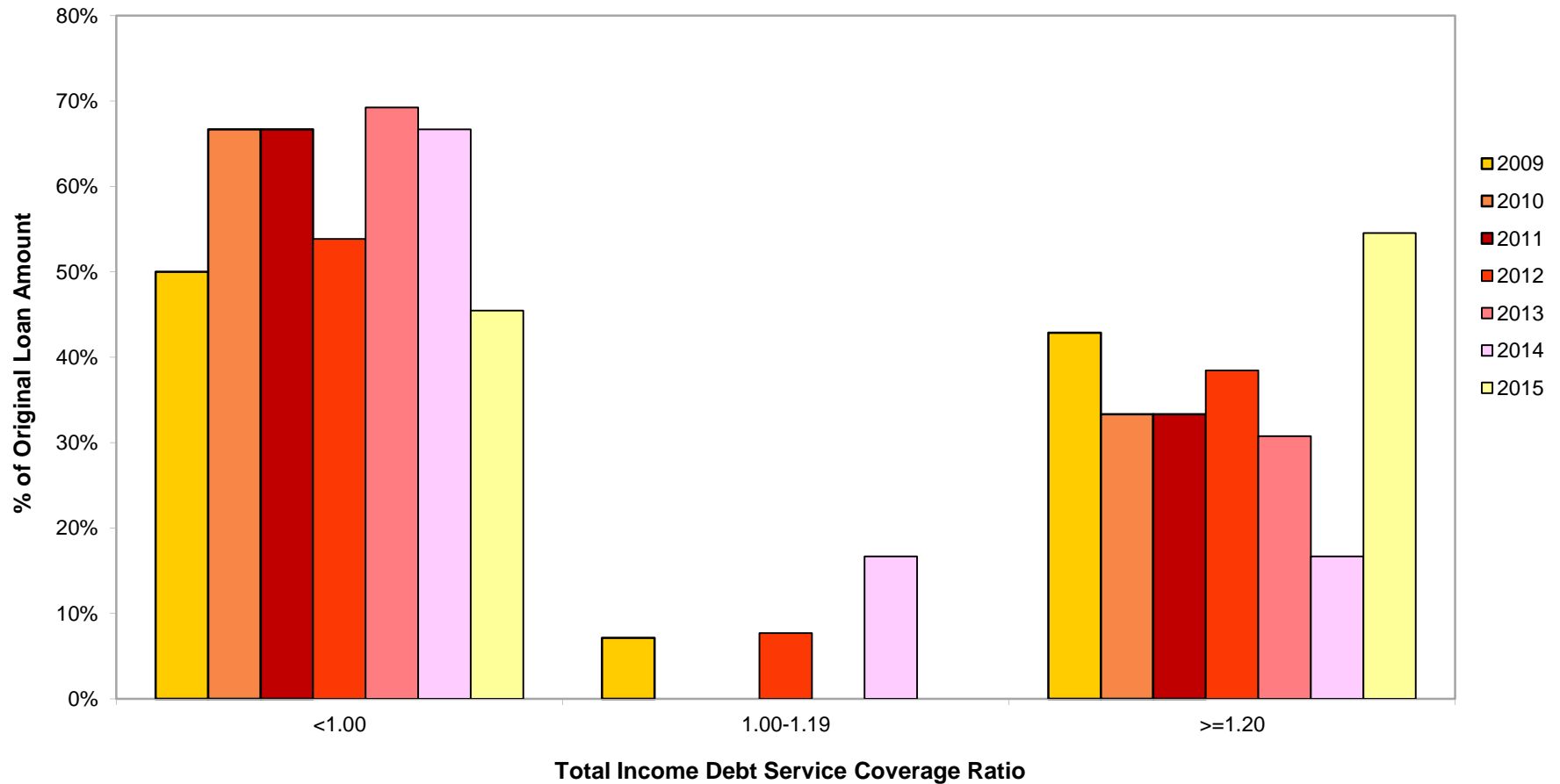
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution by Original Loan Amount**

TOTAL



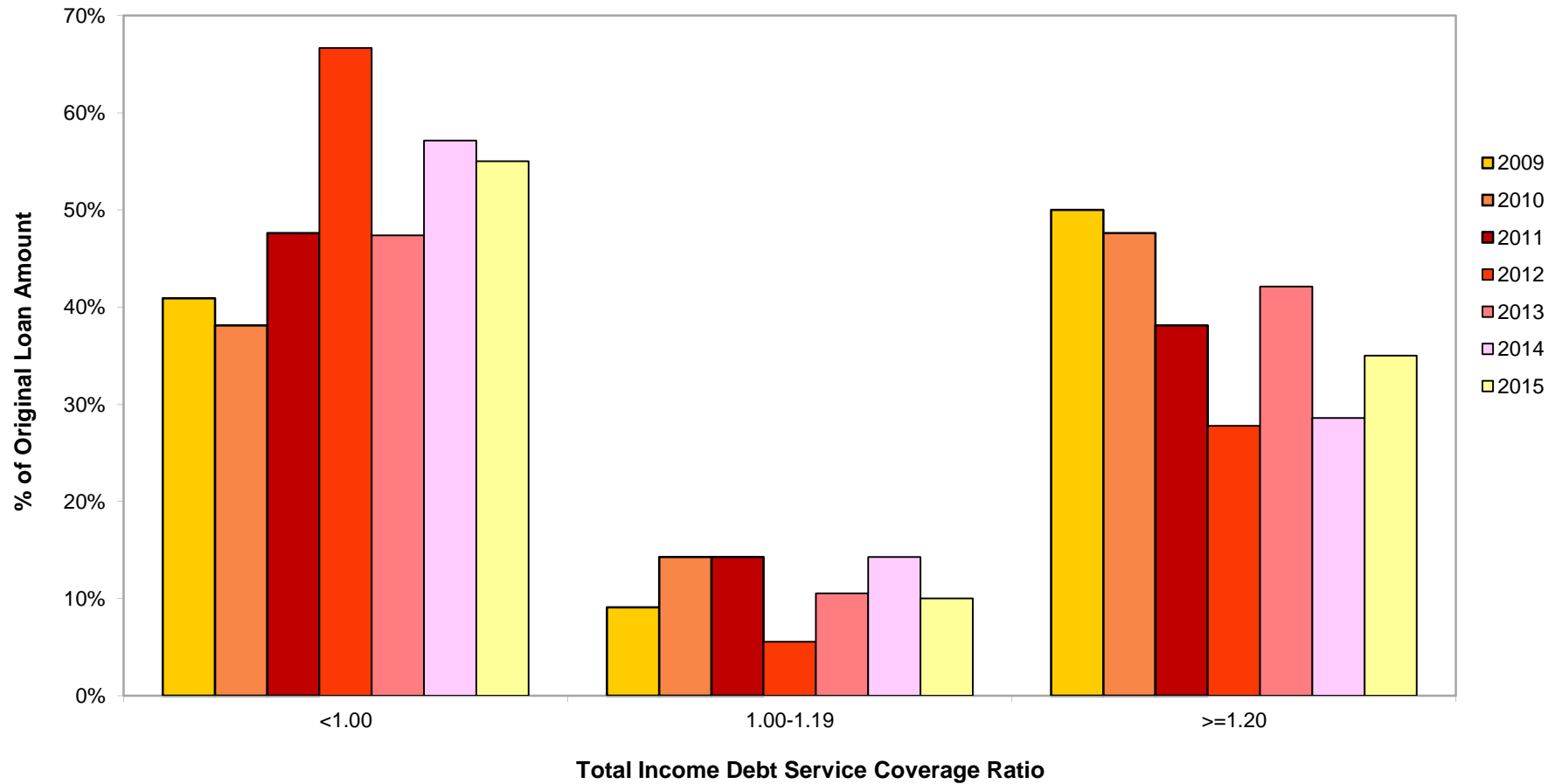
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution by Original Loan Amount**

HOSPITALS



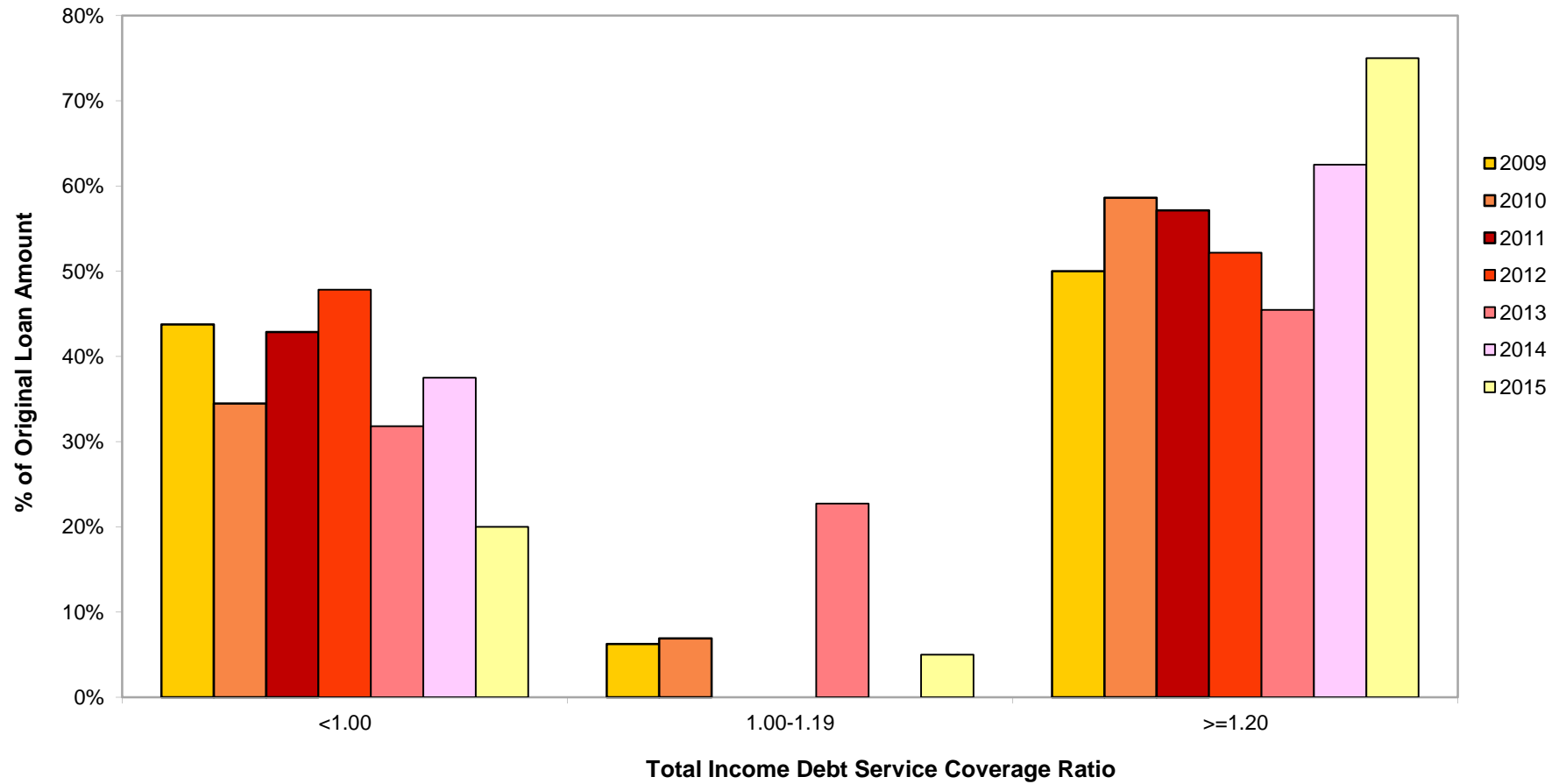
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

MULTI-LEVELS



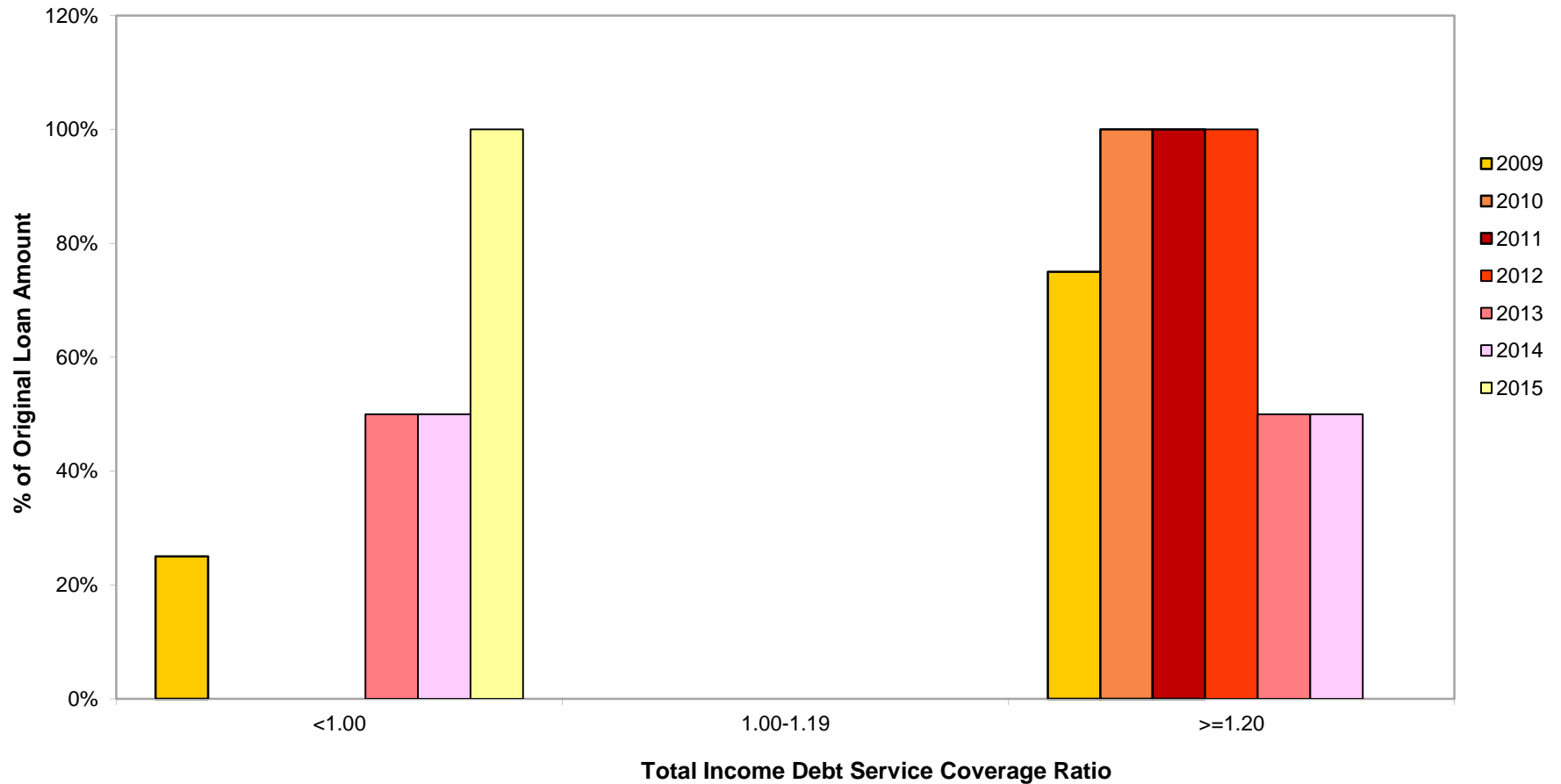
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program
 Income Debt Service Ratios
 Distribution by Original Loan Amount**

CLINICS



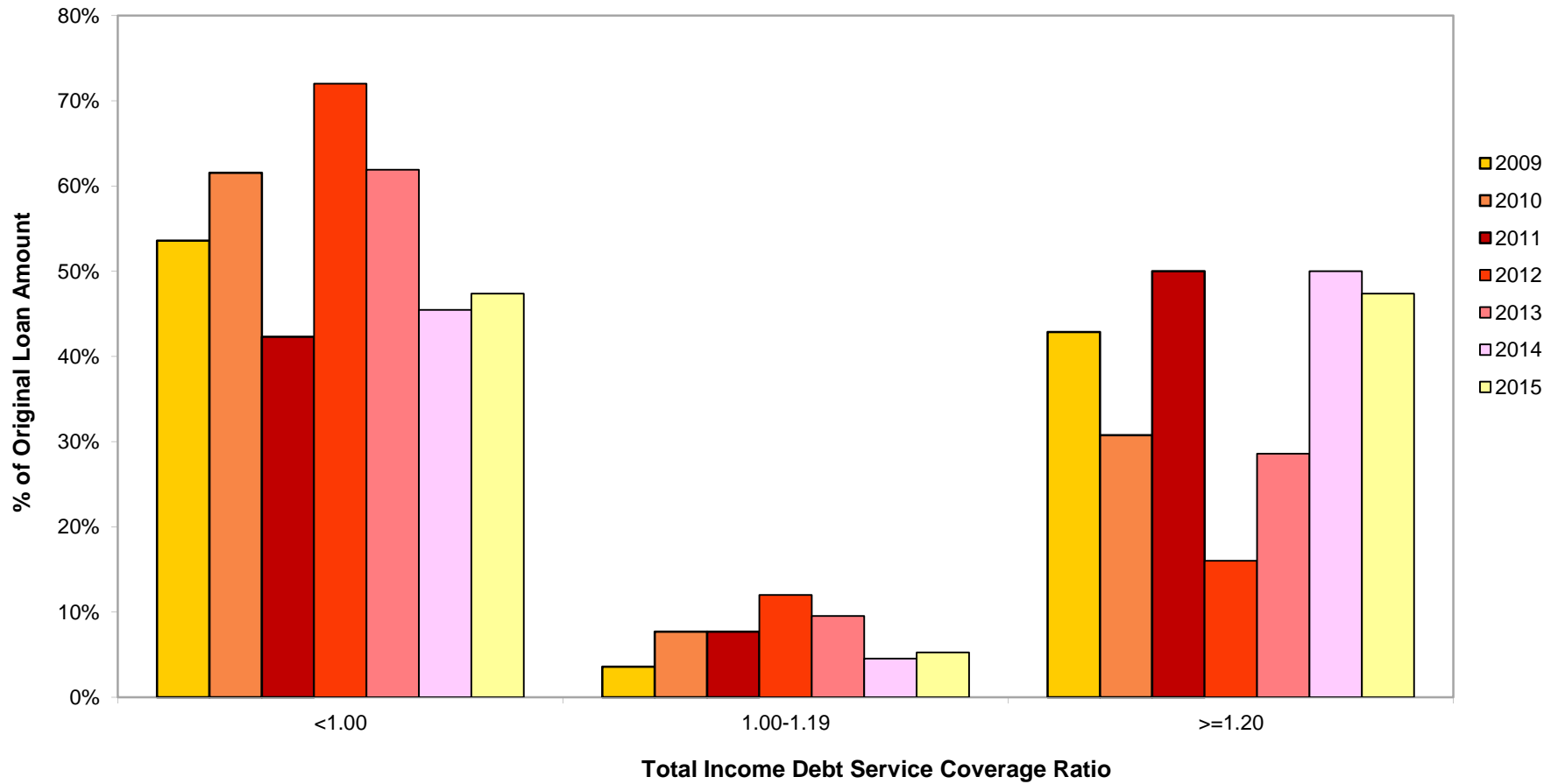
**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution by Original Loan Amount**

SKILLED NURSING FACILITIES (SNF)



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

OTHER



Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis at 6.10% Default Rate - New Loans Insured (Expected Scenario)
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Year	Income from Annual Premium Loans					Income from Up-Front Premium Loans				Cash Inflow from Resolved Loans	Payment on Current Defaults	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income								
7/1/2015-6/30/2016				10,485,000	65,043	263,524,235		6,072,352	25,001								166,632,464
7/1/2016-6/30/2017	8,971,373	0	9.0%	8,163,950	46,622	340,690,000	4.51%	15,349,341	1,310,330	689,008	12,148,424	1,679,446	4,880,938	0.7%	1,195,855	(117,651)	166,514,813
7/1/2017-6/30/2018	7,373,933	0	9.0%	6,710,279	37,186	200,000,000	4.51%	9,010,738	769,221	729,334	12,164,973	3,720,184	5,046,890	1.7%	2,810,262	(7,575,306)	158,939,507
7/1/2018-6/30/2019	5,687,901	0	7.0%	5,289,748	30,000	225,000,000	4.51%	10,137,080	865,374	1,217,452	12,173,435	6,125,820	5,218,484	1.9%	2,949,798	(8,318,035)	150,621,471
7/1/2019-6/30/2020	4,148,145	0	7.0%	3,857,775	22,869	225,000,000	4.51%	10,137,080	865,374	1,230,244	12,704,625	7,547,936	5,395,913	2.1%	2,999,273	(10,393,634)	140,227,837
7/1/2020-6/30/2021	2,717,557	0	7.0%	2,527,328	15,963	225,000,000	4.51%	10,137,080	865,374	774,726	12,720,919	8,586,444	5,579,374	2.2%	2,924,599	(12,168,995)	128,058,843
7/1/2021-6/30/2022	1,548,092	0	7.0%	1,439,726	9,918	225,000,000	4.51%	10,137,080	865,374	801,411	8,927,919	9,049,096	5,769,072	2.3%	2,849,565	(9,082,740)	118,976,103
7/1/2022-6/30/2023	532,956	0	7.0%	495,649	4,838	225,000,000	4.51%	10,137,080	865,374	1,115,115	0	9,235,481	5,965,221	2.4%	2,868,796	(209,499)	118,766,604
7/1/2023-6/30/2024	117,350	0	7.0%	109,136	1,512	250,000,000	4.51%	11,263,422	961,527	1,095,052	0	9,406,388	6,168,038	2.5%	2,972,407	719,494	119,486,098
7/1/2024-6/30/2025	17,253	0	7.0%	16,045	313	250,000,000	4.51%	11,263,422	961,527	1,070,865	0	9,346,813	6,377,752	2.6%	3,092,432	663,994	120,150,092
7/1/2025-6/30/2026	0	0	7.0%	0	40	250,000,000	4.51%	11,263,422	961,527	1,061,490	0	9,335,546	6,594,595	2.7%	3,194,969	551,307	120,701,398
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.51%	11,263,422	961,527	1,051,177	0	9,318,926	6,818,811	2.8%	3,280,311	418,700	121,120,998
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.51%	11,263,422	961,527	1,047,427	0	9,362,722	7,050,651	2.8%	3,375,202	234,205	121,354,303
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	1,020,374	0	9,402,394	7,290,373	2.9%	3,452,509	1,227,561	122,581,863
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	927,688	0	9,473,809	7,538,246	2.9%	3,554,565	917,643	123,499,506
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	252,962	0	9,561,770	7,794,546	3.0%	3,623,335	(32,575)	123,466,931
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	252,962	0	9,684,307	8,059,561	3.0%	3,674,085	(369,377)	123,097,554
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	9,831,436	8,333,586	3.1%	3,720,725	478,604	123,576,158
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	10,000,487	8,616,928	3.1%	3,799,343	104,830	123,680,988
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	10,189,388	8,909,903	3.2%	3,838,343	(338,047)	123,342,941
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	10,405,367	9,212,840	3.2%	3,890,951	418,139	123,761,080
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	10,634,307	9,526,077	3.2%	3,944,729	(70,259)	123,690,821
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	10,885,391	9,849,963	3.3%	3,974,576	(615,382)	123,075,439
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	11,147,833	10,184,862	3.3%	3,948,208	(1,239,091)	121,836,349
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	11,416,512	10,531,147	3.3%	3,925,217	(1,877,047)	119,959,302
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	11,670,964	10,889,206	3.3%	3,893,825	(2,520,949)	117,438,352
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	11,904,194	11,259,439	3.4%	3,822,143	(3,196,094)	114,242,258
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	12,108,686	11,642,260	3.4%	3,742,720	(3,862,831)	110,379,427
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	12,277,882	12,038,097	3.4%	3,604,556	(4,566,027)	105,813,401
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	0	0	12,415,329	12,447,392	3.4%	3,457,362	(5,512,925)	100,300,475
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	0	0	12,522,459	12,870,604	3.4%	3,273,617	(6,227,013)	94,073,463

Notes:

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

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis at 6.10% Default Rate - No New Loans Insured (Run-Off Scenario)
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Income for Annual Premium Loans												
Year	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
7/1/2015-6/30/2016				10,485,000	65,043								166,632,464
7/1/2016-6/30/2017	8,971,373	0	9.0%	8,163,950	46,622	689,008	12,148,424	1,649,342	4,880,938	0.7%	1,135,947	(16,807,127)	149,825,337
7/1/2017-6/30/2018	7,373,933	0	9.0%	6,710,279	37,186	729,334	12,164,973	3,548,229	4,880,938	1.7%	2,437,286	(17,390,333)	132,435,004
7/1/2018-6/30/2019	5,687,901	0	7.0%	5,289,748	30,000	1,217,452	12,173,435	5,539,727	4,880,938	1.9%	2,342,853	(19,003,796)	113,431,208
7/1/2019-6/30/2020	4,148,145	0	7.0%	3,857,775	22,869	1,230,244	12,704,625	6,243,824	4,880,938	2.1%	2,128,573	(20,447,701)	92,983,506
7/1/2020-6/30/2021	2,717,557	0	7.0%	2,527,328	15,963	774,726	12,720,919	6,362,863	4,880,938	2.2%	1,794,168	(21,379,863)	71,603,643
7/1/2021-6/30/2022	1,548,092	0	7.0%	1,439,726	9,918	801,411	8,927,919	5,781,838	4,880,938	2.3%	1,452,034	(17,327,332)	54,276,311
7/1/2022-6/30/2023	532,956	0	7.0%	495,649	4,838	1,115,115	0	4,958,246	4,880,938	2.4%	1,219,385	(7,499,846)	46,776,465
7/1/2023-6/30/2024	117,350	0	7.0%	109,136	1,512	1,095,052	0	4,132,351	4,880,938	2.5%	1,081,883	(6,834,842)	39,941,623
7/1/2024-6/30/2025	17,253	0	7.0%	16,045	313	1,070,865	0	3,260,915	4,880,938	2.6%	951,908	(6,118,767)	33,822,856
7/1/2025-6/30/2026	0	0	7.0%	0	40	1,061,490	0	2,490,847	4,880,938	2.7%	824,572	(5,485,683)	28,337,173
7/1/2026-6/30/2027	0	0	7.0%	0	0	1,051,177	0	1,864,582	4,880,938	2.8%	701,054	(4,993,289)	23,343,884
7/1/2027-6/30/2028	0	0	7.0%	0	0	1,047,427	0	1,359,212	4,880,938	2.8%	585,757	(4,606,965)	18,736,919
7/1/2028-6/30/2029	0	0	7.0%	0	0	1,020,374	0	959,445	4,880,938	2.9%	468,795	(4,351,213)	14,385,706
7/1/2029-6/30/2030	0	0	7.0%	0	0	927,688	0	642,751	4,880,938	2.9%	354,324	(4,241,677)	10,144,029
7/1/2030-6/30/2031	0	0	7.0%	0	0	252,962	0	406,493	4,880,938	3.0%	227,123	(4,807,346)	5,336,684
7/1/2031-6/30/2032	0	0	7.0%	0	0	252,962	0	241,454	4,880,938	3.0%	87,793	(4,781,636)	555,048
7/1/2032-6/30/2033	0	0	7.0%	0	0	252,962	0	137,993	4,880,938	3.1%	(55,988)	(4,821,957)	(4,266,909)
7/1/2033-6/30/2034	0	0	7.0%	0	0	252,962	0	72,113	4,880,938	3.1%	(206,525)	(4,906,613)	(9,173,522)
7/1/2034-6/30/2035	0	0	7.0%	0	0	252,962	0	39,178	4,880,938	3.2%	(363,247)	(5,030,401)	(14,203,923)
7/1/2035-6/30/2036	0	0	7.0%	0	0	252,962	0	20,050	4,880,938	3.2%	(528,832)	(5,176,858)	(19,380,781)
7/1/2036-6/30/2037	0	0	7.0%	0	0	252,962	0	10,235	4,880,938	3.2%	(703,061)	(5,341,271)	(24,722,052)
7/1/2037-6/30/2038	0	0	7.0%	0	0	252,962	0	5,479	4,880,938	3.3%	(885,267)	(5,518,721)	(30,240,772)
7/1/2038-6/30/2039	0	0	7.0%	0	0	252,962	0	2,608	4,880,938	3.3%	(1,066,868)	(5,697,451)	(35,938,223)
7/1/2039-6/30/2040	0	0	7.0%	0	0	252,962	0	1,343	4,880,938	3.3%	(1,262,459)	(5,891,778)	(41,830,001)
7/1/2040-6/30/2041	0	0	7.0%	0	0	252,962	0	579	4,880,938	3.3%	(1,472,268)	(6,100,823)	(47,930,824)
7/1/2041-6/30/2042	0	0	7.0%	0	0	252,962	0	202	4,880,938	3.4%	(1,685,636)	(6,313,814)	(54,244,637)
7/1/2042-6/30/2043	0	0	7.0%	0	0	252,962	0	52	4,880,938	3.4%	(1,916,735)	(6,544,762)	(60,789,399)
7/1/2043-6/30/2044	0	0	7.0%	0	0	252,962	0	0	4,880,938	3.4%	(2,139,908)	(6,767,884)	(67,557,283)
7/1/2044-6/30/2045	0	0	7.0%	0	0	0	0	0	4,880,938	3.4%	(2,388,352)	(7,269,290)	(74,826,573)
7/1/2045-6/30/2046	0	0	7.0%	0	0	0	0	0	4,880,938	3.4%	(2,647,224)	(7,528,162)	(82,354,735)

Notes:

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

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis at 8.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Year	Income for Annual Premium Loans					Income from Up-Front Premium Loans				Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income								
7/1/2015-6/30/2016				10,485,000	65,043	263,524,235		6,072,352	25,001								166,632,464
7/1/2016-6/30/2017	8,971,373	0	9.0%	8,163,950	46,622	340,690,000	4.51%	15,349,341	1,310,330	689,008	12,148,424	2,202,553	4,880,938	0.7%	1,193,971	(642,642)	165,989,822
7/1/2017-6/30/2018	7,373,933	0	9.0%	6,710,279	37,186	200,000,000	4.51%	9,010,738	769,221	729,334	12,164,973	4,878,929	5,046,890	1.7%	2,791,023	(8,753,290)	157,236,532
7/1/2018-6/30/2019	5,687,901	0	7.0%	5,289,748	30,000	225,000,000	4.51%	10,137,080	865,374	1,217,452	12,173,435	8,033,863	5,218,484	1.9%	2,898,674	(10,277,202)	146,959,330
7/1/2019-6/30/2020	4,148,145	0	7.0%	3,857,775	22,869	225,000,000	4.51%	10,137,080	865,374	1,230,244	12,704,625	9,898,932	5,395,913	2.2%	2,898,460	(12,845,443)	134,113,888
7/1/2020-6/30/2021	2,717,557	0	7.0%	2,527,328	15,963	225,000,000	4.51%	10,137,080	865,374	774,726	12,720,919	11,260,910	5,579,374	2.2%	2,760,358	(15,007,702)	119,106,185
7/1/2021-6/30/2022	1,548,092	0	7.0%	1,439,726	9,918	225,000,000	4.51%	10,137,080	865,374	801,411	8,927,919	11,867,667	5,769,072	2.3%	2,607,724	(12,143,152)	106,963,034
7/1/2022-6/30/2023	532,956	0	7.0%	495,649	4,838	225,000,000	4.51%	10,137,080	865,374	1,115,115	0	12,112,106	5,965,221	2.4%	2,540,200	(3,414,720)	103,548,314
7/1/2023-6/30/2024	117,350	0	7.0%	109,136	1,512	250,000,000	4.51%	11,263,422	961,527	1,095,052	0	12,336,247	6,168,038	2.5%	2,550,873	(2,631,899)	100,916,415
7/1/2024-6/30/2025	17,253	0	7.0%	16,045	313	250,000,000	4.51%	11,263,422	961,527	1,070,865	0	12,258,115	6,377,752	2.6%	2,568,833	(2,770,907)	98,145,508
7/1/2025-6/30/2026	0	0	7.0%	0	40	250,000,000	4.51%	11,263,422	961,527	1,061,490	0	12,243,339	6,594,595	2.7%	2,564,234	(2,987,221)	95,158,287
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.51%	11,263,422	961,527	1,051,177	0	12,221,543	6,818,811	2.8%	2,537,881	(3,226,347)	91,931,940
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.51%	11,263,422	961,527	1,047,427	0	12,278,980	7,050,651	2.8%	2,509,976	(3,547,279)	88,384,661
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	1,020,374	0	12,331,008	7,290,373	2.9%	2,463,806	(2,689,757)	85,694,903
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	927,688	0	12,424,667	7,538,246	2.9%	2,430,058	(3,157,723)	82,537,180
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	252,962	0	12,540,027	7,794,546	3.0%	2,359,146	(4,275,020)	78,262,160
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	252,962	0	12,700,731	8,059,561	3.0%	2,260,876	(4,799,010)	73,463,150
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	12,893,687	8,333,586	3.1%	2,153,567	(4,150,805)	69,312,346
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	13,115,392	8,616,928	3.1%	2,057,077	(4,752,342)	64,560,004
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	13,363,132	8,909,903	3.2%	1,921,966	(5,428,168)	59,131,836
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	13,646,383	9,212,840	3.2%	1,784,587	(4,929,240)	54,202,596
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	13,946,632	9,526,077	3.2%	1,637,425	(5,689,887)	48,512,709
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	14,275,923	9,849,963	3.3%	1,457,693	(6,522,796)	41,989,913
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	14,620,109	10,184,862	3.3%	1,234,129	(7,425,446)	34,564,467
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	14,972,475	10,531,147	3.3%	986,306	(8,371,921)	26,192,546
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	15,306,183	10,889,206	3.3%	705,965	(9,344,028)	16,848,518
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	15,612,058	11,259,439	3.4%	385,319	(10,340,782)	6,507,736
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	15,880,244	11,642,260	3.4%	27,762	(11,349,347)	(4,841,611)
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	16,102,140	12,036,097	3.4%	(367,564)	(12,362,406)	(17,204,017)
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	0	0	16,282,398	12,447,392	3.4%	(806,016)	(13,643,373)	(30,847,390)
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	0	0	16,385,235	12,870,604	3.4%	(1,285,774)	(14,649,179)	(45,496,569)

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.1% default rate)
- (3) Selected
- (4) = [(1) - (2)] x [1 - (3)]
- (5) Average of [Current and Prior Column(4)] x 0.5%
- (6) Provided by Cal-Mortgage
- (7) From Section III, Exhibit 6
- (8) = (6) x (7)
- (9) Issued Amount x (1 - % Refinanced) x 0.4%
- (10) From Section I, Exhibit 5
- (11) From Section I, Exhibit 3
- (12) From Section III, Appendix, Page 6
- (13) Administration expense increase @ 3.4% per year
- (14) Selected Investment Yield
- (15) = [0.5 x [(5) + (8) + (9) + (10) - (11) - (12) - (13)] + prior cash balance] x (14)
- (16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15)
- (17) = (16) + (17) prior

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis at 10.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2016

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
Year	Income for Annual Premium Loans					Income from Up-Front Premium Loans				Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
	Scheduled Amortized Balance	Estimated Default Amount	Percent Terminated & Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Estimated Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income								
7/1/2015-6/30/2016				10,485,000	65,043	263,524,235		6,072,352	25,001								166,632,464
7/1/2016-6/30/2017	8,971,373	0	9.0%	8,163,950	46,622	340,690,000	4.51%	15,349,341	1,310,330	689,008	12,148,424	2,753,191	4,880,938	0.7%	1,191,987	(1,195,264)	165,437,200
7/1/2017-6/30/2018	7,373,933	0	9.0%	6,710,279	37,186	200,000,000	4.51%	9,010,738	769,221	729,334	12,164,973	6,098,662	5,046,890	1.7%	2,770,773	(9,993,273)	155,443,927
7/1/2018-6/30/2019	5,687,901	0	7.0%	5,289,748	30,000	225,000,000	4.51%	10,137,080	865,374	1,217,452	12,173,435	10,042,329	5,218,484	1.9%	2,844,860	(12,339,482)	143,104,445
7/1/2019-6/30/2020	4,148,145	0	7.0%	3,857,775	22,869	225,000,000	4.51%	10,137,080	865,374	1,230,244	12,704,625	12,373,665	5,395,913	2.1%	2,792,342	(15,426,294)	127,678,151
7/1/2020-6/30/2021	2,717,557	0	7.0%	2,527,328	15,963	225,000,000	4.51%	10,137,080	865,374	774,726	12,720,919	14,076,138	5,579,374	2.2%	2,587,472	(17,995,816)	109,682,336
7/1/2021-6/30/2022	1,548,092	0	7.0%	1,439,726	9,918	225,000,000	4.51%	10,137,080	865,374	801,411	8,927,919	14,834,583	5,769,072	2.3%	2,353,154	(15,364,638)	94,317,698
7/1/2022-6/30/2023	532,956	0	7.0%	495,649	4,838	225,000,000	4.51%	10,137,080	865,374	1,115,115	0	15,140,133	5,965,221	2.4%	2,194,310	(6,788,637)	87,529,061
7/1/2023-6/30/2024	117,350	0	7.0%	109,136	1,512	250,000,000	4.51%	11,263,422	961,527	1,095,052	0	15,420,308	6,168,038	2.5%	2,107,153	(6,159,680)	81,369,380
7/1/2024-6/30/2025	17,253	0	7.0%	16,045	313	250,000,000	4.51%	11,263,422	961,527	1,070,865	0	15,322,644	6,377,752	2.6%	2,017,677	(6,386,592)	74,982,788
7/1/2025-6/30/2026	0	0	7.0%	0	40	250,000,000	4.51%	11,263,422	961,527	1,061,490	0	15,304,174	6,594,595	2.7%	1,900,303	(6,711,988)	68,270,801
7/1/2026-6/30/2027	0	0	7.0%	0	0	250,000,000	4.51%	11,263,422	961,527	1,051,177	0	15,276,929	6,818,611	2.8%	1,756,375	(7,063,238)	61,207,562
7/1/2027-6/30/2028	0	0	7.0%	0	0	250,000,000	4.51%	11,263,422	961,527	1,047,427	0	15,348,725	7,050,651	2.8%	1,599,212	(7,527,788)	53,679,774
7/1/2028-6/30/2029	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	1,020,374	0	15,413,760	7,290,373	2.9%	1,423,065	(6,813,250)	46,866,525
7/1/2029-6/30/2030	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	927,688	0	15,530,834	7,538,246	2.9%	1,246,365	(7,447,582)	39,418,943
7/1/2030-6/30/2031	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	252,962	0	15,675,033	7,794,546	3.0%	1,028,421	(8,740,752)	30,678,190
7/1/2031-6/30/2032	0	0	7.0%	0	0	275,000,000	4.51%	12,389,764	1,057,680	252,962	0	15,875,914	8,059,561	3.0%	773,287	(9,461,781)	21,216,409
7/1/2032-6/30/2033	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	16,117,108	8,333,586	3.1%	503,927	(9,023,866)	12,192,543
7/1/2033-6/30/2034	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	16,394,240	8,616,928	3.1%	223,113	(9,865,154)	2,327,389
7/1/2034-6/30/2035	0	0	7.0%	0	0	300,000,000	4.51%	13,516,106	1,153,832	252,962	0	16,703,915	8,909,903	3.2%	(95,272)	(10,786,189)	(8,458,800)
7/1/2035-6/30/2036	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	17,057,979	9,212,840	3.2%	(432,637)	(10,558,060)	(19,016,861)
7/1/2036-6/30/2037	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	17,433,289	9,526,077	3.2%	(791,315)	(11,605,285)	(30,622,146)
7/1/2037-6/30/2038	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	17,844,903	9,849,963	3.3%	(1,191,657)	(12,741,127)	(43,363,273)
7/1/2038-6/30/2039	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	18,275,136	10,184,862	3.3%	(1,622,797)	(13,937,399)	(57,300,672)
7/1/2039-6/30/2040	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	18,715,594	10,531,147	3.3%	(2,107,285)	(15,208,630)	(72,509,303)
7/1/2040-6/30/2041	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	19,132,728	10,889,206	3.3%	(2,649,678)	(16,526,216)	(89,035,519)
7/1/2041-6/30/2042	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	19,515,072	11,259,439	3.4%	(3,232,391)	(17,861,506)	(106,897,025)
7/1/2042-6/30/2043	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	19,850,305	11,642,260	3.4%	(3,882,721)	(19,229,891)	(126,126,915)
7/1/2043-6/30/2044	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	252,962	0	20,127,676	12,038,097	3.4%	(4,548,744)	(20,569,120)	(146,696,035)
7/1/2044-6/30/2045	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	0	0	20,352,998	12,447,392	3.4%	(5,293,782)	(22,201,739)	(168,897,774)
7/1/2045-6/30/2046	0	0	7.0%	0	0	325,000,000	4.51%	14,642,449	1,249,985	0	0	20,528,622	12,870,604	3.4%	(6,086,456)	(23,593,248)	(192,491,023)

Notes:

- (1) Based on active loan information from Cal-Mortgage
- (2) From Section III, Appendix, Page 9 (based on a 6.1% default rate)
- (3) Selected
- (4) = [(1) - (2)] x [1 - (3)]
- (5) Average of [Current and Prior Column(4)] x 0.5%
- (6) Provided by Cal-Mortgage
- (7) From Section III, Exhibit 6
- (8) = (6) x (7)
- (9) Issued Amount x [1 - % Refinanced] x 0.4%
- (10) From Section I, Exhibit 5
- (11) From Section I, Exhibit 3
- (12) From Section III, Appendix, Page 8
- (13) Administration expense increase @ 3.4% per year
- (14) Selected Investment Yield
- (15) = [0.5 x [(5) + (8) + (9) + (10) - (11) - (12) - (13)] + prior cash balance] x (14)
- (16) = (5) + (8) + (9) + (10) - (11) - (12) - (13) + (15)
- (17) = (16) + (17) prior

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

Estimate of Cal-Mortgage's Default Rate
Based on Data as of June 30, 2016

	Based on Industry Loss Experience	Cal-Mortgage	
		Including Triad	Excluding Triad
(1) Selected Hospitals Default Rate	1.20%		
(2) Cal-Mortgage's Hospitals In-Force Current Principal Balance	738,510,120		
(3) Selected Nursing Homes Default Rate	12.00%		
(4) Cal-Mortgage's Nursing Homes In-Force Current Principal Balance	899,480,000		
(5) Combined Cal-Mortgage's Hospitals and Nursing Homes Default Rate	7.13%	4.71%	2.16%
(6) 2014 Selected Default Rate	6.20%		
(7) New Selected Default Rate	6.10%		
(8) Original Loan Amount Default as of 6/30/2016 - Expected vs. Actual	265,182,463	336,500,000	154,270,000

Notes:

- (1) From Section III, Exhibit 2, Page 2, Row (6)
- (2) Provided by Cal-Mortgage
- (3) From Section III, Exhibit 2, Page 5, Row (6)
- (4) Provided by Cal-Mortgage
- (5) $= [(1) \times (2) + (3) \times (4)] / [(2) + (4)]$
- (6) From Cal-Mortgage Analysis at 6/30/14
- (7) Selected
- (8) Based on (7) and Cal-Mortgage Data

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Selection of Ultimate Default Rate
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)
Issue Year	Exposure Base	Actual Original Loan Balance Default Rate*	Development Method Ultimate*	Bornhuetter-Ferguson Method Ultimate	Selected Ultimate Default Rate
1981	4,606,300	1.94%	1.94%	1.94%	1.94%
1982	8,153,200	1.82%	1.82%	1.82%	1.82%
1983	8,817,100	0.28%	0.28%	0.28%	0.28%
1984	7,589,500	0.23%	0.23%	0.23%	0.23%
1985	23,821,200	0.91%	0.91%	0.91%	0.91%
1986	7,184,300	3.88%	3.88%	3.88%	3.88%
1987	11,121,100	1.92%	1.92%	1.92%	1.92%
1988	10,757,500	0.45%	0.45%	0.45%	0.45%
1989	13,397,300	0.61%	0.61%	0.61%	0.61%
1990	12,003,000	0.82%	0.82%	0.82%	0.82%
1991	15,968,000	2.77%	2.77%	2.77%	2.77%
1992	20,414,100	2.70%	2.70%	2.70%	2.70%
1993	29,001,500	1.93%	1.93%	1.93%	1.93%
1994	13,536,700	1.14%	1.14%	1.14%	1.14%
1995	11,442,100	0.29%	0.29%	0.29%	0.29%
1996	16,356,200	3.30%	3.30%	3.30%	3.30%
1997	22,036,300	0.86%	0.86%	0.86%	0.86%
1998	33,623,500	0.62%	0.62%	0.62%	0.62%
1999	21,678,800	0.37%	0.37%	0.37%	0.37%
2000	14,147,100	0.10%	0.10%	0.10%	0.10%
2001	20,232,300			0.01%	0.01%
2002	21,982,400	0.19%	0.19%	0.20%	0.19%
2003	25,228,700	2.36%	2.43%	2.40%	2.41%
2004	25,692,900	0.13%	0.13%	0.18%	0.16%
2005	34,117,000	0.42%	0.45%	0.51%	0.48%
2006	32,708,000	0.15%	0.17%	0.29%	0.23%
2007	41,009,900	2.96%	3.58%	3.17%	3.38%
2008	58,165,000	0.29%	0.37%	0.56%	0.46%
2009	43,821,200	0.02%	0.03%	0.41%	0.22%
2010	28,223,400	0.21%	0.37%	0.73%	0.55%
2011	22,644,500	0.19%	0.43%	0.86%	0.64%
2012	27,142,100	0.45%	1.44%	1.27%	1.27%
2013	18,549,500			1.00%	1.00%
2014	16,235,800			1.13%	1.13%
2015	23,157,400	0.10%	9.22%	1.29%	1.20%

Weighted Average All Years	1.07%
Weighted Average 1981-2008	1.16%
Weighted Average 1990-2012	1.05%
Arithmetic Average All Years	1.15%
Arithmetic Average 1981-2008	1.22%
Arithmetic Average 1990-2012	1.08%
Prior Selection	1.22%

(6) Selected Default Rate **1.20%**

Notes:

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

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Loss Development Method
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	
Issue Year	Age	Exposure Base	Default Original Loan Balance To Date	Cumulative Reported Development Factor	Estimated Ultimate	Indicated Default Rate*
1981	420	4,606,300	89,265	1.000	89,265	1.94%
1982	408	8,153,200	148,740	1.000	148,740	1.82%
1983	396	8,817,100	24,345	1.000	24,345	0.28%
1984	384	7,589,500	17,445	1.000	17,445	0.23%
1985	372	23,821,200	217,640	1.000	217,640	0.91%
1986	360	7,184,300	278,965	1.000	278,965	3.88%
1987	348	11,121,100	213,773	1.000	213,773	1.92%
1988	336	10,757,500	48,167	1.000	48,167	0.45%
1989	324	13,397,300	81,805	1.000	81,805	0.61%
1990	312	12,003,000	98,575	1.000	98,575	0.82%
1991	300	15,968,000	442,310	1.000	442,310	2.77%
1992	288	20,414,100	550,989	1.000	550,989	2.70%
1993	276	29,001,500	559,940	1.000	559,940	1.93%
1994	264	13,536,700	154,750	1.000	154,750	1.14%
1995	252	11,442,100	33,370	1.000	33,370	0.29%
1996	240	16,356,200	539,105	1.000	539,105	3.30%
1997	228	22,036,300	190,595	1.000	190,595	0.86%
1998	216	33,623,500	207,830	1.000	207,830	0.62%
1999	204	21,678,800	79,250	1.000	79,250	0.37%
2000	192	14,147,100	13,950	1.000	13,950	0.10%
2001	180	20,232,300	0	1.005	0	
2002	168	21,982,400	41,095	1.010	41,507	0.19%
2003	156	25,228,700	595,995	1.028	612,805	2.43%
2004	144	25,692,900	32,680	1.049	34,274	0.13%
2005	132	34,117,000	143,075	1.080	154,554	0.45%
2006	120	32,708,000	49,575	1.129	55,962	0.17%
2007	108	41,009,900	1,215,513	1.208	1,468,172	3.58%
2008	96	58,165,000	166,350	1.292	214,993	0.37%
2009	84	43,821,200	7,875	1.486	11,704	0.03%
2010	72	28,223,400	60,220	1.754	105,614	0.37%
2011	60	22,644,500	42,335	2.280	96,521	0.43%
2012	48	27,142,100	122,049	3.192	389,571	1.44%
2013	36	18,549,500	0	5.937	0	
2014	24	16,235,800	0	17.811	0	
2015	12	23,157,400	23,964	89.055	2,134,106	9.22%

Weighted Average All Years 1.25%
 Weighted Average 1981-2008 1.16%
 Weighted Average 1990-2012 1.02%
 Arithmetic Average All Years 1.43%
 Arithmetic Average 1990-2008 1.27%
 Arithmetic Average 1990-2012 1.11%
 Prior Selected 1.22%

(6) **Selected A Priori Default Rate** **1.20%**

Notes:

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

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Bornhuetter-Ferguson Method
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Issue Year	Exposure Base	A Priori Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
1981	4,606,300	1.20%	55,276	0.0%	0	55,276	89,265	89,265	1.94%
1982	8,153,200	1.20%	97,838	0.0%	0	97,838	148,740	148,740	1.82%
1983	8,817,100	1.20%	105,805	0.0%	0	105,805	24,345	24,345	0.28%
1984	7,589,500	1.20%	91,074	0.0%	0	91,074	17,445	17,445	0.23%
1985	23,821,200	1.20%	285,854	0.0%	0	285,854	217,640	217,640	0.91%
1986	7,184,300	1.20%	86,212	0.0%	0	86,212	278,965	278,965	3.88%
1987	11,121,100	1.20%	133,453	0.0%	0	133,453	213,773	213,773	1.92%
1988	10,757,500	1.20%	129,090	0.0%	0	129,090	48,167	48,167	0.45%
1989	13,397,300	1.20%	160,768	0.0%	0	160,768	81,805	81,805	0.61%
1990	12,003,000	1.20%	144,036	0.0%	0	144,036	98,575	98,575	0.82%
1991	15,968,000	1.20%	191,616	0.0%	0	191,616	442,310	442,310	2.77%
1992	20,414,100	1.20%	244,969	0.0%	0	244,969	550,989	550,989	2.70%
1993	29,001,500	1.20%	348,018	0.0%	0	348,018	559,940	559,940	1.93%
1994	13,536,700	1.20%	162,440	0.0%	0	162,440	154,750	154,750	1.14%
1995	11,442,100	1.20%	137,305	0.0%	0	137,305	33,370	33,370	0.29%
1996	16,356,200	1.20%	196,274	0.0%	0	196,274	539,105	539,105	3.30%
1997	22,036,300	1.20%	264,436	0.0%	0	264,436	190,595	190,595	0.86%
1998	33,623,500	1.20%	403,482	0.0%	0	403,482	207,830	207,830	0.62%
1999	21,678,800	1.20%	260,146	0.0%	0	260,146	79,250	79,250	0.37%
2000	14,147,100	1.20%	169,765	0.0%	0	169,765	13,950	13,950	0.10%
2001	20,232,300	1.20%	242,788	0.5%	1,208	241,580	0	1,208	0.01%
2002	21,982,400	1.20%	263,789	1.0%	2,618	261,171	41,095	43,713	0.20%
2003	25,228,700	1.20%	302,744	2.7%	8,305	294,440	595,995	604,300	2.40%
2004	25,692,900	1.20%	308,315	4.7%	14,337	293,978	32,680	47,017	0.18%
2005	34,117,000	1.20%	409,404	7.4%	30,408	378,996	143,075	173,483	0.51%
2006	32,708,000	1.20%	392,496	11.4%	44,798	347,698	49,575	94,373	0.29%
2007	41,009,900	1.20%	492,119	17.2%	84,689	407,430	1,215,513	1,300,202	3.17%
2008	58,165,000	1.20%	697,980	22.6%	157,920	540,060	166,350	324,270	0.56%
2009	43,821,200	1.20%	525,854	32.7%	172,047	353,807	7,875	179,922	0.41%
2010	28,223,400	1.20%	338,681	43.0%	145,569	193,112	60,220	205,789	0.73%
2011	22,644,500	1.20%	271,734	56.1%	152,550	119,184	42,335	194,885	0.86%
2012	27,142,100	1.20%	325,705	68.7%	223,665	102,040	122,049	345,714	1.27%
2013	18,549,500	1.20%	222,594	83.2%	185,101	37,493	0	185,101	1.00%
2014	16,235,800	1.20%	194,830	94.4%	183,891	10,939	0	183,891	1.13%
2015	23,157,400	1.20%	277,889	98.9%	274,768	3,120	23,964	298,732	1.29%
TOTALS	744,564,900		8,934,779		1,681,874	7,252,904	6,491,535	8,173,409	1.10%

Notes:

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

**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Selection of Ultimate Default Rate
Based on Data as of June 30, 2016**

	(1)	(2)	(3)	(4)	(5)
Issue Year	Exposure Base	Actual Original Loan Balance Default Rate	Development Method Ultimate	Bornhuetter-Ferguson Method Ultimate	Selected Ultimate Default Rate
1981	392,300	37.09%	37.09%	37.09%	37.09%
1982	838,700	40.17%	40.17%	40.17%	40.17%
1983	795,000	54.32%	54.32%	54.32%	54.32%
1984	739,700	40.11%	40.11%	40.11%	40.11%
1985	1,160,300	26.26%	26.26%	26.26%	26.26%
1986	772,800	24.40%	24.40%	24.40%	24.40%
1987	914,300	13.44%	13.44%	13.44%	13.44%
1988	1,451,700	8.57%	8.57%	8.57%	8.57%
1989	1,561,600	4.76%	4.76%	4.76%	4.76%
1990	1,678,600	10.60%	10.60%	10.60%	10.60%
1991	1,538,500	2.23%	2.23%	2.23%	2.23%
1992	2,429,300	5.22%	5.22%	5.22%	5.22%
1993	2,515,600	9.04%	9.04%	9.04%	9.04%
1994	2,427,400	11.41%	11.41%	11.41%	11.41%
1995	1,986,300	14.60%	14.60%	14.60%	14.60%
1996	3,040,500	10.33%	10.33%	10.33%	10.33%
1997	3,523,600	9.03%	9.03%	9.03%	9.03%
1998	5,077,800	9.28%	9.28%	9.28%	9.28%
1999	4,981,900	7.46%	7.46%	7.46%	7.46%
2000	2,876,400	5.74%	5.74%	5.74%	5.74%
2001	2,919,300	6.06%	6.09%	6.12%	6.10%
2002	3,787,200	3.54%	3.58%	3.66%	3.62%
2003	3,228,400	3.27%	3.36%	3.59%	3.47%
2004	3,222,300	8.32%	8.73%	8.85%	8.79%
2005	4,276,300	1.30%	1.41%	2.16%	2.16%
2006	6,010,800	2.40%	2.71%	3.72%	3.72%
2007	7,837,300	3.35%	4.04%	5.33%	5.33%
2008	2,498,700	5.74%	7.42%	8.34%	8.34%
2009	1,953,000	8.53%	12.68%	12.29%	12.29%
2010	2,732,000	10.35%	18.16%	15.29%	15.29%
2011	1,217,200	6.15%	14.02%	12.61%	12.61%
2012	3,680,200	3.73%	11.91%	11.63%	11.63%
2013	2,804,900	3.05%	18.12%	12.62%	12.62%
2014	2,718,000	1.26%	22.40%	12.11%	12.11%
2015	3,797,800	0.40%	35.92%	11.77%	11.50%

<i>Weighted Average All Years</i>	9.43%
<i>Weighted Average 1981-2008</i>	8.66%
<i>Weighted Average 1990-2012</i>	7.51%
<i>Arithmetic Average All Years</i>	13.53%
<i>Arithmetic Average 1981-2008</i>	13.77%
<i>Arithmetic Average 1990-2012</i>	8.19%
<i>Prior Selection</i>	11.50%

(6) **Selected Default Rate** 12.00%

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Loss Development Method
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	
Issue Year	Age	Exposure Base	Default Original Loan Balance To Date	Cumulative Reported Development Factor	Estimated Ultimate	Indicated Default Rate
1981	420	392,300	145,510	1.000	145,510	37.09%
1982	408	838,700	336,905	1.000	336,905	40.17%
1983	396	795,000	431,865	1.000	431,865	54.32%
1984	384	739,700	296,730	1.000	296,730	40.11%
1985	372	1,160,300	304,695	1.000	304,695	26.26%
1986	360	772,800	188,525	1.000	188,525	24.40%
1987	348	914,300	122,905	1.000	122,905	13.44%
1988	336	1,451,700	124,475	1.000	124,475	8.57%
1989	324	1,561,600	74,310	1.000	74,310	4.76%
1990	312	1,678,600	177,945	1.000	177,945	10.60%
1991	300	1,538,500	34,275	1.000	34,275	2.23%
1992	288	2,429,300	126,700	1.000	126,700	5.22%
1993	276	2,515,600	227,486	1.000	227,486	9.04%
1994	264	2,427,400	277,035	1.000	277,035	11.41%
1995	252	1,986,300	290,080	1.000	290,080	14.60%
1996	240	3,040,500	314,154	1.000	314,154	10.33%
1997	228	3,523,600	318,025	1.000	318,025	9.03%
1998	216	5,077,800	471,121	1.000	471,121	9.28%
1999	204	4,981,900	371,535	1.000	371,535	7.46%
2000	192	2,876,400	165,080	1.000	165,080	5.74%
2001	180	2,919,300	176,945	1.005	177,830	6.09%
2002	168	3,787,200	134,200	1.010	135,545	3.58%
2003	156	3,228,400	105,570	1.028	108,548	3.36%
2004	144	3,222,300	268,095	1.049	281,170	8.73%
2005	132	4,276,300	55,640	1.080	60,104	1.41%
2006	120	6,010,800	144,445	1.129	163,056	2.71%
2007	108	7,837,300	262,408	1.208	316,953	4.04%
2008	96	2,498,700	143,409	1.292	185,344	7.42%
2009	84	1,953,000	166,610	1.486	247,628	12.68%
2010	72	2,732,000	282,815	1.754	496,002	18.16%
2011	60	1,217,200	74,860	2.280	170,677	14.02%
2012	48	3,680,200	137,320	3.192	438,315	11.91%
2013	36	2,804,900	85,615	5.937	508,294	18.12%
2014	24	2,718,000	34,189	17.811	608,938	22.40%
2015	12	3,797,800	15,320	89.055	1,364,317	35.92%

Weighted Average All Year	10.77%
Weighted Average 1981-2008	8.36%
Weighted Average 1990-2012	7.36%
Arithmetic Average All Year	14.70%
Arithmetic Average 1981-2008	13.62%
Arithmetic Average 1990-2012	8.22%
Prior Selected	11.00%

(6) **Selected A Priori Default Rate** **11.50%**

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Bornhuetter-Ferguson Method
Based on Data as of June 30, 2016

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Issue Year	Exposure Base	A Priori Default Rate	A Priori Defaulting Loan Balance	Expected Percent Unreported	Expected Unreported Defaulted Loan Balance	Expected Reported Defaulted Loan Balance	Default Original Loan Balance To Date	Estimated Ultimate	Indicated Default Rate
1981	392,300	11.50%	45,115	0.0%	0	45,115	145,510	145,510	37.09%
1982	838,700	11.50%	96,451	0.0%	0	96,451	336,905	336,905	40.17%
1983	795,000	11.50%	91,425	0.0%	0	91,425	431,865	431,865	54.32%
1984	739,700	11.50%	85,066	0.0%	0	85,066	296,730	296,730	40.11%
1985	1,160,300	11.50%	133,435	0.0%	0	133,435	304,695	304,695	26.26%
1986	772,800	11.50%	88,872	0.0%	0	88,872	188,525	188,525	24.40%
1987	914,300	11.50%	105,145	0.0%	0	105,145	122,905	122,905	13.44%
1988	1,451,700	11.50%	166,946	0.0%	0	166,946	124,475	124,475	8.57%
1989	1,561,600	11.50%	179,584	0.0%	0	179,584	74,310	74,310	4.76%
1990	1,678,600	11.50%	193,039	0.0%	0	193,039	177,945	177,945	10.60%
1991	1,538,500	11.50%	176,928	0.0%	0	176,928	34,275	34,275	2.23%
1992	2,429,300	11.50%	279,370	0.0%	0	279,370	126,700	126,700	5.22%
1993	2,515,600	11.50%	289,294	0.0%	0	289,294	227,486	227,486	9.04%
1994	2,427,400	11.50%	279,151	0.0%	0	279,151	277,035	277,035	11.41%
1995	1,986,300	11.50%	228,425	0.0%	0	228,425	290,080	290,080	14.60%
1996	3,040,500	11.50%	349,658	0.0%	0	349,658	314,154	314,154	10.33%
1997	3,523,600	11.50%	405,214	0.0%	0	405,214	318,025	318,025	9.03%
1998	5,077,800	11.50%	583,947	0.0%	0	583,947	471,121	471,121	9.28%
1999	4,981,900	11.50%	572,919	0.0%	0	572,919	371,535	371,535	7.46%
2000	2,876,400	11.50%	330,786	0.0%	0	330,786	165,080	165,080	5.74%
2001	2,919,300	11.50%	335,720	0.5%	1,670	334,049	176,945	178,615	6.12%
2002	3,787,200	11.50%	435,528	1.0%	4,323	431,205	134,200	138,523	3.66%
2003	3,228,400	11.50%	371,266	2.7%	10,184	361,082	105,570	115,754	3.59%
2004	3,222,300	11.50%	370,565	4.7%	17,232	353,333	268,095	285,327	8.85%
2005	4,276,300	11.50%	491,775	7.4%	36,526	455,249	55,640	92,166	2.16%
2006	6,010,800	11.50%	691,242	11.4%	78,897	612,345	144,445	223,342	3.72%
2007	7,837,300	11.50%	901,290	17.2%	155,104	746,186	262,408	417,512	5.33%
2008	2,498,700	11.50%	287,351	22.6%	65,014	222,337	143,409	208,423	8.34%
2009	1,953,000	11.50%	224,595	32.7%	73,482	151,113	166,610	240,092	12.29%
2010	2,732,000	11.50%	314,180	43.0%	135,038	179,142	282,815	417,853	15.29%
2011	1,217,200	11.50%	139,978	56.1%	78,583	61,395	74,860	153,443	12.61%
2012	3,680,200	11.50%	423,223	68.7%	290,631	132,592	137,320	427,951	11.63%
2013	2,804,900	11.50%	322,564	83.2%	268,232	54,331	85,615	353,847	12.62%
2014	2,718,000	11.50%	312,570	94.4%	295,021	17,549	34,189	329,210	12.11%
2015	3,797,800	11.50%	436,747	98.9%	431,843	4,904	15,320	447,163	11.77%
TOTALS	93,385,700		10,739,356		1,941,779	8,797,576	6,886,797	8,828,576	9.45%

Notes:

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

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

**Estimate of Cal-Mortgage's Loss Severity
Based on Data as of June 30, 2016**

	(1)	(2)	(3)	(4)
Facility Type	Income Securities Advisors Data	Actual Cal-Mortgage Experience (Including Triad)	Prior Selected	Selected
Hospitals	64.4%	N/A	N/A	N/A
Nursing Home	65.4%	N/A	N/A	N/A
TOTALS	64.9%	64.1%	64.0%	64.5%

Notes:

- (1) From Income Securities Advisors*
- (2) From Section I, Exhibit 1*
- (3) From Cal-Mortgage Analysis at 6/30/14*
- (4) Selected*

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

**Estimate of Cal-Mortgage's Cumulative Loss Payment Pattern
 Based on Data as of June 30, 2016**

	(1)	(2)	(3)
Years From Default	Income Securities Advisors Data	Previous Selection	Selected
0	17.8%	22.0%	20.0%
1	39.2%	45.0%	42.5%
2	67.1%	70.0%	68.5%
3	80.5%	82.0%	81.5%
4	91.3%	92.0%	91.5%
5	95.4%	95.0%	95.0%
6	97.3%	97.0%	97.0%
7	98.8%	99.0%	99.0%
8	99.3%	99.3%	99.3%
9	99.5%	99.5%	99.5%
10	99.7%	99.7%	99.7%
11	99.9%	99.9%	99.9%
12	100.0%	100.0%	100.0%
13	100.0%	100.0%	100.0%

Notes:

- (1) *From Income Securities Advisors; based on selections in Section III, Exhibit 4, Page 2*
- (2) *From Cal-Mortgage Analysis at 6/30/14*
- (3) *Selected*

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

Historical Termination Rate
Based on Data as of June 30, 2016

Fiscal Year End	(1) Outstanding Balance	(2) Including Refinanced Loans		(4) Excluding Refinanced Loans	
		(3) Terminated Loans	(3) Termination Rate	(4) Terminated Loans	(5) Termination Rate
2002	1,166,847,458	66,072,545	5.7%	no data	
2003	1,244,637,412	66,600,000	5.4%	62,425,000	5.0%
2004	1,329,588,053	112,540,000	8.5%	55,965,000	4.2%
2005	1,260,565,324	140,022,148	11.1%	83,782,148	6.6%
2006	1,254,779,406	43,985,000	3.5%	34,830,000	2.8%
2007	1,132,647,525	152,015,000	13.4%	139,530,000	12.3%
2008	1,374,064,775	67,057,777	4.9%	56,362,777	4.1%
2009	1,655,191,905	63,009,971	3.8%	63,009,971	3.8%
2010	1,735,067,632	16,220,755	0.9%	9,720,755	0.6%
2011	1,810,529,285	102,687,212	5.7%	90,762,212	5.0%
2012	1,714,993,295	151,868,952	8.9%	102,558,952	6.0%
2013	1,726,980,115	391,406,790	22.7%	142,846,790	8.3%
2014	1,671,379,249	339,040,000	20.3%	233,550,000	14.0%
2015	1,773,230,552	103,506,653	5.8%	73,506,653	4.1%
2016	1,637,990,120	328,208,594	20.0%	63,823,594	3.9%
TOTALS	22,488,492,106	2,144,241,397	9.5%	1,212,673,852	5.7%

Estimated Termination Rate

Fiscal Year	(6) Termination Rate	(7) Termination Rate
7/1/2016-6/30/2017 & 7/1/2017-6/30/2018	9.0%	6.0%
7/1/2018-6/30/2019 and subsequent	7.0%	5.0%

Notes:

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

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

Estimated Premium Rate

	(1)	(2)
Risk Category	Weight	Premium Rate
Below Investment Grade	60.0%	3.00%
Investment Grade	40.0%	1.85%

(3) Combined	2.54%
(4) Ratio of Principal & Interest to Principal for Current Borrower Portfolio	1.774
(5) Effective Premium Rate as a Percent of the Principal	4.51%

Notes:

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

Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Estimated Amount of Loan Default by Fiscal Year at 6.10% Default Rate - New Loans Insured
Based on Data as of June 30, 2016

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	6.10%	17,389,270	324	100%	7/1/2016-6/30/2017	13,018,964
7/1/1990-6/30/1991	502,627,148	6.10%	30,660,256	312	100%	7/1/2017-6/30/2018	14,192,298
7/1/1991-6/30/1992	340,350,000	6.10%	20,761,350	300	100%	7/1/2018-6/30/2019	14,595,993
7/1/1992-6/30/1993	425,234,203	6.10%	25,939,286	288	100%	7/1/2019-6/30/2020	15,178,326
7/1/1993-6/30/1994	269,577,356	6.10%	16,444,219	276	100%	7/1/2020-6/30/2021	14,776,700
7/1/1994-6/30/1995	86,855,000	6.10%	5,298,155	264	100%	7/1/2021-6/30/2022	14,930,557
7/1/1995-6/30/1996	122,845,000	6.10%	7,493,545	252	100%	7/1/2022-6/30/2023	14,636,834
7/1/1996-6/30/1997	96,845,000	6.10%	5,907,545	240	100%	7/1/2023-6/30/2024	14,572,133
7/1/1997-6/30/1998	288,615,000	6.10%	17,605,515	228	100%	7/1/2024-6/30/2025	14,210,848
7/1/1998-6/30/1999	30,100,000	6.10%	1,836,100	216	100%	7/1/2025-6/30/2026	14,551,949
7/1/1999-6/30/2000	135,160,000	6.10%	8,244,760	204	100%	7/1/2026-6/30/2027	14,504,988
7/1/2000-6/30/2001	153,995,000	6.10%	9,393,695	192	100%	7/1/2027-6/30/2028	14,642,558
7/1/2001-6/30/2002	183,335,000	6.10%	11,183,435	180	100%	7/1/2028-6/30/2029	14,759,944
7/1/2002-6/30/2003	157,890,000	6.10%	9,631,290	168	99%	7/1/2029-6/30/2030	14,947,671
7/1/2003-6/30/2004	198,201,000	6.10%	12,090,261	156	97%	7/1/2030-6/30/2031	15,181,758
7/1/2004-6/30/2005	47,200,000	6.10%	2,879,200	144	95%	7/1/2031-6/30/2032	15,492,890
7/1/2005-6/30/2006	68,565,000	6.10%	4,182,465	132	93%	7/1/2032-6/30/2033	15,754,354
7/1/2006-6/30/2007	26,224,359	6.10%	1,599,686	120	89%	7/1/2033-6/30/2034	16,091,893
7/1/2007-6/30/2008	332,810,000	6.10%	20,301,410	108	83%	7/1/2034-6/30/2035	16,462,005
7/1/2008-6/30/2009	354,360,000	6.10%	21,615,960	96	77%	7/1/2035-6/30/2036	16,883,023
7/1/2009-6/30/2010	135,035,000	6.10%	8,237,135	84	67%	7/1/2036-6/30/2037	17,251,922
7/1/2010-6/30/2011	190,190,000	6.10%	11,601,590	72	57%	7/1/2037-6/30/2038	17,719,757
7/1/2011-6/30/2012	55,860,000	6.10%	3,407,460	60	44%	7/1/2038-6/30/2039	18,165,557
7/1/2012-6/30/2013	361,555,000	6.10%	22,054,855	48	31%	7/1/2039-6/30/2040	18,552,925
7/1/2013-6/30/2014	258,081,893	6.10%	15,742,995	36	17%	7/1/2040-6/30/2041	18,865,267
7/1/2014-6/30/2015	241,145,000	6.10%	14,709,845	24	6%	7/1/2041-6/30/2042	19,136,860
7/1/2015-6/30/2016	263,524,235	6.10%	16,074,978	12	1%	7/1/2042-6/30/2043	19,359,110
7/1/2016-6/30/2017	340,690,000	6.10%	20,782,090	0	0%	7/1/2043-6/30/2044	19,491,646
7/1/2017-6/30/2018	200,000,000	6.10%	12,200,000	0	0%	7/1/2044-6/30/2045	19,609,107
7/1/2018-6/30/2019	225,000,000	6.10%	13,725,000	0	0%	7/1/2045-6/30/2046	19,696,597
7/1/2019-6/30/2020	225,000,000	6.10%	13,725,000	0	0%		
7/1/2020-6/30/2021	225,000,000	6.10%	13,725,000	0	0%		
7/1/2021-6/30/2022	225,000,000	6.10%	13,725,000	0	0%		
7/1/2022-6/30/2023	225,000,000	6.10%	13,725,000	0	0%		
7/1/2023-6/30/2024	250,000,000	6.10%	15,250,000	0	0%		
7/1/2024-6/30/2025	250,000,000	6.10%	15,250,000	0	0%		
7/1/2025-6/30/2026	250,000,000	6.10%	15,250,000	0	0%		
7/1/2026-6/30/2027	250,000,000	6.10%	15,250,000	0	0%		
7/1/2027-6/30/2028	250,000,000	6.10%	15,250,000	0	0%		
7/1/2028-6/30/2029	275,000,000	6.10%	16,775,000	0	0%		
7/1/2029-6/30/2030	275,000,000	6.10%	16,775,000	0	0%		
7/1/2030-6/30/2031	275,000,000	6.10%	16,775,000	0	0%		
7/1/2031-6/30/2032	275,000,000	6.10%	16,775,000	0	0%		
7/1/2032-6/30/2033	300,000,000	6.10%	18,300,000	0	0%		
7/1/2033-6/30/2034	300,000,000	6.10%	18,300,000	0	0%		
7/1/2034-6/30/2035	300,000,000	6.10%	18,300,000	0	0%		
7/1/2035-6/30/2036	325,000,000	6.10%	19,825,000	0	0%		
7/1/2036-6/30/2037	325,000,000	6.10%	19,825,000	0	0%		
7/1/2037-6/30/2038	325,000,000	6.10%	19,825,000	0	0%		
7/1/2038-6/30/2039	325,000,000	6.10%	19,825,000	0	0%		
7/1/2039-6/30/2040	325,000,000	6.10%	19,825,000	0	0%		
7/1/2040-6/30/2041	325,000,000	6.10%	19,825,000	0	0%		
7/1/2041-6/30/2042	325,000,000	6.10%	19,825,000	0	0%		
7/1/2042-6/30/2043	325,000,000	6.10%	19,825,000	0	0%		
7/1/2043-6/30/2044	325,000,000	6.10%	19,825,000	0	0%		
7/1/2044-6/30/2045	325,000,000	6.10%	19,825,000	0	0%		
7/1/2045-6/30/2046	325,000,000	6.10%	19,825,000	0	0%		

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

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
At 6.10% Default Rate
Based on Data as of June 30, 2016**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2016-6/30/2017	13,018,964	64.5%	8,397,231	1,679,446
7/1/2017-6/30/2018	14,192,298	64.5%	9,154,032	3,720,184
7/1/2018-6/30/2019	14,595,993	64.5%	9,414,415	6,125,820
7/1/2019-6/30/2020	15,178,326	64.5%	9,790,020	7,547,936
7/1/2020-6/30/2021	14,776,700	64.5%	9,530,971	8,586,444
7/1/2021-6/30/2022	14,930,557	64.5%	9,630,209	9,049,096
7/1/2022-6/30/2023	14,636,834	64.5%	9,440,758	9,235,481
7/1/2023-6/30/2024	14,572,133	64.5%	9,399,026	9,406,388
7/1/2024-6/30/2025	14,210,848	64.5%	9,165,997	9,346,813
7/1/2025-6/30/2026	14,551,949	64.5%	9,386,007	9,335,546
7/1/2026-6/30/2027	14,504,988	64.5%	9,355,717	9,318,926
7/1/2027-6/30/2028	14,642,558	64.5%	9,444,450	9,362,722
7/1/2028-6/30/2029	14,759,944	64.5%	9,520,164	9,402,394
7/1/2029-6/30/2030	14,947,671	64.5%	9,641,248	9,473,809
7/1/2030-6/30/2031	15,181,758	64.5%	9,792,234	9,561,770
7/1/2031-6/30/2032	15,492,890	64.5%	9,992,914	9,684,307
7/1/2032-6/30/2033	15,754,354	64.5%	10,161,558	9,831,436
7/1/2033-6/30/2034	16,091,893	64.5%	10,379,271	10,000,487
7/1/2034-6/30/2035	16,462,005	64.5%	10,617,993	10,189,388
7/1/2035-6/30/2036	16,883,023	64.5%	10,889,550	10,405,367
7/1/2036-6/30/2037	17,251,922	64.5%	11,127,490	10,634,307
7/1/2037-6/30/2038	17,719,757	64.5%	11,429,243	10,885,391
7/1/2038-6/30/2039	18,165,557	64.5%	11,716,784	11,147,833
7/1/2039-6/30/2040	18,552,925	64.5%	11,966,636	11,416,512
7/1/2040-6/30/2041	18,865,267	64.5%	12,168,097	11,670,964
7/1/2041-6/30/2042	19,136,860	64.5%	12,343,275	11,904,194
7/1/2042-6/30/2043	19,359,110	64.5%	12,486,626	12,108,686
7/1/2043-6/30/2044	19,491,646	64.5%	12,572,112	12,277,882
7/1/2044-6/30/2045	19,609,107	64.5%	12,647,874	12,415,329
7/1/2045-6/30/2046	19,696,597	64.5%	12,704,305	12,522,459

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

Estimated Amount of Loan Default by Fiscal Year at 6.10% Default Rate - No New Loans Insured
Based on Data as of June 30, 2016

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	6.10%	17,389,270	324	100%	7/1/2016-6/30/2017	12,785,600
7/1/1990-6/30/1991	502,627,148	6.10%	30,660,256	312	100%	7/1/2017-6/30/2018	13,121,850
7/1/1991-6/30/1992	340,350,000	6.10%	20,761,350	300	100%	7/1/2018-6/30/2019	11,560,262
7/1/1992-6/30/1993	425,234,203	6.10%	25,939,286	288	100%	7/1/2019-6/30/2020	10,027,399
7/1/1993-6/30/1994	269,577,356	6.10%	16,444,219	276	100%	7/1/2020-6/30/2021	8,093,353
7/1/1994-6/30/1995	86,855,000	6.10%	5,298,155	264	100%	7/1/2021-6/30/2022	6,367,230
7/1/1995-6/30/1996	122,845,000	6.10%	7,493,545	252	100%	7/1/2022-6/30/2023	4,878,700
7/1/1996-6/30/1997	96,845,000	6.10%	5,907,545	240	100%	7/1/2023-6/30/2024	3,379,624
7/1/1997-6/30/1998	288,615,000	6.10%	17,605,515	228	100%	7/1/2024-6/30/2025	2,533,855
7/1/1998-6/30/1999	30,100,000	6.10%	1,836,100	216	100%	7/1/2025-6/30/2026	1,810,232
7/1/1999-6/30/2000	135,160,000	6.10%	8,244,760	204	100%	7/1/2026-6/30/2027	1,128,680
7/1/2000-6/30/2001	153,995,000	6.10%	9,393,695	192	100%	7/1/2027-6/30/2028	751,723
7/1/2001-6/30/2002	183,335,000	6.10%	11,183,435	180	100%	7/1/2028-6/30/2029	432,555
7/1/2002-6/30/2003	157,890,000	6.10%	9,631,290	168	99%	7/1/2029-6/30/2030	152,760
7/1/2003-6/30/2004	198,201,000	6.10%	12,090,261	156	97%	7/1/2030-6/30/2031	79,975
7/1/2004-6/30/2005	47,200,000	6.10%	2,879,200	144	95%	7/1/2031-6/30/2032	-
7/1/2005-6/30/2006	68,565,000	6.10%	4,182,465	132	93%	7/1/2032-6/30/2033	-
7/1/2006-6/30/2007	26,224,359	6.10%	1,599,686	120	89%	7/1/2033-6/30/2034	-
7/1/2007-6/30/2008	332,810,000	6.10%	20,301,410	108	83%	7/1/2034-6/30/2035	-
7/1/2008-6/30/2009	354,360,000	6.10%	21,615,960	96	77%	7/1/2035-6/30/2036	-
7/1/2009-6/30/2010	135,035,000	6.10%	8,237,135	84	67%	7/1/2036-6/30/2037	-
7/1/2010-6/30/2011	190,190,000	6.10%	11,601,590	72	57%	7/1/2037-6/30/2038	-
7/1/2011-6/30/2012	55,860,000	6.10%	3,407,460	60	44%	7/1/2038-6/30/2039	-
7/1/2012-6/30/2013	361,555,000	6.10%	22,054,855	48	31%	7/1/2039-6/30/2040	-
7/1/2013-6/30/2014	258,081,893	6.10%	15,742,995	36	17%	7/1/2040-6/30/2041	-
7/1/2014-6/30/2015	241,145,000	6.10%	14,709,845	24	6%	7/1/2041-6/30/2042	-
7/1/2015-6/30/2016	263,524,235	6.10%	16,074,978	12	1%	7/1/2042-6/30/2043	-
						7/1/2043-6/30/2044	-
						7/1/2044-6/30/2045	-
						7/1/2045-6/30/2046	-

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

**Estimated Loss Payment for Future Default by Fiscal Year - No New Loans Insured
At 6.10% Default Rate
Based on Data as of June 30, 2016**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2016-6/30/2017	12,785,600	64.5%	8,246,712	1,649,342
7/1/2017-6/30/2018	13,121,850	64.5%	8,463,593	3,548,229
7/1/2018-6/30/2019	11,560,262	64.5%	7,456,369	5,539,727
7/1/2019-6/30/2020	10,027,399	64.5%	6,467,672	6,243,824
7/1/2020-6/30/2021	8,093,353	64.5%	5,220,213	6,362,863
7/1/2021-6/30/2022	6,367,230	64.5%	4,106,863	5,781,838
7/1/2022-6/30/2023	4,878,700	64.5%	3,146,761	4,958,246
7/1/2023-6/30/2024	3,379,624	64.5%	2,179,858	4,132,351
7/1/2024-6/30/2025	2,533,855	64.5%	1,634,337	3,260,915
7/1/2025-6/30/2026	1,810,232	64.5%	1,167,600	2,490,847
7/1/2026-6/30/2027	1,128,680	64.5%	727,999	1,864,582
7/1/2027-6/30/2028	751,723	64.5%	484,861	1,359,212
7/1/2028-6/30/2029	432,555	64.5%	278,998	959,445
7/1/2029-6/30/2030	152,760	64.5%	98,530	642,751
7/1/2030-6/30/2031	79,975	64.5%	51,584	406,493
7/1/2031-6/30/2032	0	64.5%	0	241,454
7/1/2032-6/30/2033	0	64.5%	0	137,993
7/1/2033-6/30/2034	0	64.5%	0	72,113
7/1/2034-6/30/2035	0	64.5%	0	39,178
7/1/2035-6/30/2036	0	64.5%	0	20,050
7/1/2036-6/30/2037	0	64.5%	0	10,235
7/1/2037-6/30/2038	0	64.5%	0	5,479
7/1/2038-6/30/2039	0	64.5%	0	2,608
7/1/2039-6/30/2040	0	64.5%	0	1,343
7/1/2040-6/30/2041	0	64.5%	0	579
7/1/2041-6/30/2042	0	64.5%	0	202
7/1/2042-6/30/2043	0	64.5%	0	52
7/1/2043-6/30/2044	0	64.5%	0	0
7/1/2044-6/30/2045	0	64.5%	0	0
7/1/2045-6/30/2046	0	64.5%	0	0

Cal-Mortgage Loan Insurance Division
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Estimated Amount of Loan Default by Fiscal Year at 8.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2016

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	8.00%	22,805,600	324	100%	7/1/2016-6/30/2017	17,074,051
7/1/1990-6/30/1991	502,627,148	8.00%	40,210,172	312	100%	7/1/2017-6/30/2018	18,612,850
7/1/1991-6/30/1992	340,350,000	8.00%	27,228,000	300	100%	7/1/2018-6/30/2019	19,142,285
7/1/1992-6/30/1993	425,234,203	8.00%	34,018,736	288	100%	7/1/2019-6/30/2020	19,906,001
7/1/1993-6/30/1994	269,577,356	8.00%	21,566,188	276	100%	7/1/2020-6/30/2021	19,379,279
7/1/1994-6/30/1995	86,855,000	8.00%	6,948,400	264	100%	7/1/2021-6/30/2022	19,581,058
7/1/1995-6/30/1996	122,845,000	8.00%	9,827,600	252	100%	7/1/2022-6/30/2023	19,195,848
7/1/1996-6/30/1997	96,845,000	8.00%	7,747,600	240	100%	7/1/2023-6/30/2024	19,110,994
7/1/1997-6/30/1998	288,615,000	8.00%	23,089,200	228	100%	7/1/2024-6/30/2025	18,637,178
7/1/1998-6/30/1999	30,100,000	8.00%	2,408,000	216	100%	7/1/2025-6/30/2026	19,084,523
7/1/1999-6/30/2000	135,160,000	8.00%	10,812,800	204	100%	7/1/2026-6/30/2027	19,022,935
7/1/2000-6/30/2001	153,995,000	8.00%	12,319,600	192	100%	7/1/2027-6/30/2028	19,203,355
7/1/2001-6/30/2002	183,335,000	8.00%	14,666,800	180	100%	7/1/2028-6/30/2029	19,357,303
7/1/2002-6/30/2003	157,890,000	8.00%	12,631,200	168	99%	7/1/2029-6/30/2030	19,603,504
7/1/2003-6/30/2004	198,201,000	8.00%	15,856,080	156	97%	7/1/2030-6/30/2031	19,910,503
7/1/2004-6/30/2005	47,200,000	8.00%	3,776,000	144	95%	7/1/2031-6/30/2032	20,318,545
7/1/2005-6/30/2006	68,565,000	8.00%	5,485,200	132	93%	7/1/2032-6/30/2033	20,661,447
7/1/2006-6/30/2007	26,224,359	8.00%	2,097,949	120	89%	7/1/2033-6/30/2034	21,104,122
7/1/2007-6/30/2008	332,810,000	8.00%	26,624,800	108	83%	7/1/2034-6/30/2035	21,589,515
7/1/2008-6/30/2009	354,360,000	8.00%	28,348,800	96	77%	7/1/2035-6/30/2036	22,141,670
7/1/2009-6/30/2010	135,035,000	8.00%	10,802,800	84	67%	7/1/2036-6/30/2037	22,625,472
7/1/2010-6/30/2011	190,190,000	8.00%	15,215,200	72	57%	7/1/2037-6/30/2038	23,239,025
7/1/2011-6/30/2012	55,860,000	8.00%	4,468,800	60	44%	7/1/2038-6/30/2039	23,823,681
7/1/2012-6/30/2013	361,555,000	8.00%	28,924,400	48	31%	7/1/2039-6/30/2040	24,331,704
7/1/2013-6/30/2014	258,081,893	8.00%	20,646,551	36	17%	7/1/2040-6/30/2041	24,741,333
7/1/2014-6/30/2015	241,145,000	8.00%	19,291,600	24	6%	7/1/2041-6/30/2042	25,097,521
7/1/2015-6/30/2016	263,524,235	8.00%	21,081,939		1%	7/1/2042-6/30/2043	25,388,996
7/1/2016-6/30/2017	340,690,000	8.00%	27,255,200		0%	7/1/2043-6/30/2044	25,562,815
7/1/2017-6/30/2018	200,000,000	8.00%	16,000,000		0%	7/1/2044-6/30/2045	25,716,862
7/1/2018-6/30/2019	225,000,000	8.00%	18,000,000		0%	7/1/2045-6/30/2046	25,539,646
7/1/2019-6/30/2020	225,000,000	8.00%	18,000,000		0%		
7/1/2020-6/30/2021	225,000,000	8.00%	18,000,000		0%		
7/1/2021-6/30/2022	225,000,000	8.00%	18,000,000		0%		
7/1/2022-6/30/2023	225,000,000	8.00%	18,000,000		0%		
7/1/2023-6/30/2024	250,000,000	8.00%	20,000,000		0%		
7/1/2024-6/30/2025	250,000,000	8.00%	20,000,000		0%		
7/1/2025-6/30/2026	250,000,000	8.00%	20,000,000		0%		
7/1/2026-6/30/2027	250,000,000	8.00%	20,000,000		0%		
7/1/2027-6/30/2028	250,000,000	8.00%	20,000,000		0%		
7/1/2028-6/30/2029	275,000,000	8.00%	22,000,000		0%		
7/1/2029-6/30/2030	275,000,000	8.00%	22,000,000		0%		
7/1/2030-6/30/2031	275,000,000	8.00%	22,000,000		0%		
7/1/2031-6/30/2032	275,000,000	8.00%	22,000,000		0%		
7/1/2032-6/30/2033	300,000,000	8.00%	24,000,000		0%		
7/1/2033-6/30/2034	300,000,000	8.00%	24,000,000		0%		
7/1/2034-6/30/2035	300,000,000	8.00%	24,000,000		0%		
7/1/2035-6/30/2036	325,000,000	8.00%	26,000,000		0%		
7/1/2036-6/30/2037	325,000,000	8.00%	26,000,000		0%		
7/1/2037-6/30/2038	325,000,000	8.00%	26,000,000		0%		
7/1/2038-6/30/2039	325,000,000	8.00%	26,000,000		0%		
7/1/2039-6/30/2040	325,000,000	8.00%	26,000,000		0%		
7/1/2040-6/30/2041	325,000,000	8.00%	26,000,000		0%		
7/1/2041-6/30/2042	325,000,000	8.00%	26,000,000		0%		
7/1/2042-6/30/2043	325,000,000	8.00%	26,000,000		0%		
7/1/2043-6/30/2044	325,000,000	8.00%	26,000,000		0%		
7/1/2044-6/30/2045	325,000,000	8.00%	26,000,000		0%		
7/1/2045-6/30/2046	325,000,000	8.00%	26,000,000		0%		

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

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
At 8.00% Default Rate
Based on Data as of June 30, 2016**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2016-6/30/2017	17,074,051	64.5%	11,012,763	2,202,553
7/1/2017-6/30/2018	18,612,850	64.5%	12,005,288	4,878,929
7/1/2018-6/30/2019	19,142,285	64.5%	12,346,774	8,033,863
7/1/2019-6/30/2020	19,906,001	64.5%	12,839,371	9,898,932
7/1/2020-6/30/2021	19,379,279	64.5%	12,499,635	11,260,910
7/1/2021-6/30/2022	19,581,058	64.5%	12,629,782	11,867,667
7/1/2022-6/30/2023	19,195,848	64.5%	12,381,322	12,112,106
7/1/2023-6/30/2024	19,110,994	64.5%	12,326,591	12,336,247
7/1/2024-6/30/2025	18,637,178	64.5%	12,020,980	12,258,115
7/1/2025-6/30/2026	19,084,523	64.5%	12,309,517	12,243,339
7/1/2026-6/30/2027	19,022,935	64.5%	12,269,793	12,221,543
7/1/2027-6/30/2028	19,203,355	64.5%	12,386,164	12,278,980
7/1/2028-6/30/2029	19,357,303	64.5%	12,485,461	12,331,008
7/1/2029-6/30/2030	19,603,504	64.5%	12,644,260	12,424,667
7/1/2030-6/30/2031	19,910,503	64.5%	12,842,274	12,540,027
7/1/2031-6/30/2032	20,318,545	64.5%	13,105,461	12,700,731
7/1/2032-6/30/2033	20,661,447	64.5%	13,326,634	12,893,687
7/1/2033-6/30/2034	21,104,122	64.5%	13,612,159	13,115,392
7/1/2034-6/30/2035	21,589,515	64.5%	13,925,237	13,363,132
7/1/2035-6/30/2036	22,141,670	64.5%	14,281,377	13,646,383
7/1/2036-6/30/2037	22,625,472	64.5%	14,593,429	13,946,632
7/1/2037-6/30/2038	23,239,025	64.5%	14,989,171	14,275,923
7/1/2038-6/30/2039	23,823,681	64.5%	15,366,274	14,620,109
7/1/2039-6/30/2040	24,331,704	64.5%	15,693,949	14,972,475
7/1/2040-6/30/2041	24,741,333	64.5%	15,958,160	15,306,183
7/1/2041-6/30/2042	25,097,521	64.5%	16,187,901	15,612,058
7/1/2042-6/30/2043	25,388,996	64.5%	16,375,903	15,880,244
7/1/2043-6/30/2044	25,562,815	64.5%	16,488,016	16,102,140
7/1/2044-6/30/2045	25,716,862	64.5%	16,587,376	16,282,398
7/1/2045-6/30/2046	25,539,646	64.5%	16,473,072	16,385,235

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

Estimated Amount of Loan Default by Fiscal Year at 10.00% Default Rate - New Loans Insured
Based on Data as of June 30, 2016

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	10.00%	28,507,000	324	100%	7/1/2016-6/30/2017	21,342,563
7/1/1990-6/30/1991	502,627,148	10.00%	50,262,715	312	100%	7/1/2017-6/30/2018	23,266,062
7/1/1991-6/30/1992	340,350,000	10.00%	34,035,000	300	100%	7/1/2018-6/30/2019	23,927,857
7/1/1992-6/30/1993	425,234,203	10.00%	42,523,420	288	100%	7/1/2019-6/30/2020	24,882,501
7/1/1993-6/30/1994	269,577,356	10.00%	26,957,736	276	100%	7/1/2020-6/30/2021	24,224,098
7/1/1994-6/30/1995	86,855,000	10.00%	8,685,500	264	100%	7/1/2021-6/30/2022	24,476,323
7/1/1995-6/30/1996	122,845,000	10.00%	12,284,500	252	100%	7/1/2022-6/30/2023	23,994,811
7/1/1996-6/30/1997	96,845,000	10.00%	9,684,500	240	100%	7/1/2023-6/30/2024	23,888,742
7/1/1997-6/30/1998	288,615,000	10.00%	28,861,500	228	100%	7/1/2024-6/30/2025	23,296,473
7/1/1998-6/30/1999	30,100,000	10.00%	3,010,000	216	100%	7/1/2025-6/30/2026	23,855,654
7/1/1999-6/30/2000	135,160,000	10.00%	13,516,000	204	100%	7/1/2026-6/30/2027	23,778,669
7/1/2000-6/30/2001	153,995,000	10.00%	15,399,500	192	100%	7/1/2027-6/30/2028	24,004,194
7/1/2001-6/30/2002	183,335,000	10.00%	18,333,500	180	100%	7/1/2028-6/30/2029	24,196,629
7/1/2002-6/30/2003	157,890,000	10.00%	15,789,000	168	99%	7/1/2029-6/30/2030	24,504,379
7/1/2003-6/30/2004	198,201,000	10.00%	19,820,100	156	97%	7/1/2030-6/30/2031	24,888,128
7/1/2004-6/30/2005	47,200,000	10.00%	4,720,000	144	95%	7/1/2031-6/30/2032	25,398,181
7/1/2005-6/30/2006	68,565,000	10.00%	6,856,500	132	93%	7/1/2032-6/30/2033	25,826,809
7/1/2006-6/30/2007	26,224,359	10.00%	2,622,436	120	89%	7/1/2033-6/30/2034	26,380,153
7/1/2007-6/30/2008	332,810,000	10.00%	33,281,000	108	83%	7/1/2034-6/30/2035	26,986,894
7/1/2008-6/30/2009	354,360,000	10.00%	35,436,000	96	77%	7/1/2035-6/30/2036	27,677,087
7/1/2009-6/30/2010	135,035,000	10.00%	13,503,500	84	67%	7/1/2036-6/30/2037	28,281,840
7/1/2010-6/30/2011	190,190,000	10.00%	19,019,000	72	57%	7/1/2037-6/30/2038	29,048,782
7/1/2011-6/30/2012	55,860,000	10.00%	5,586,000	60	44%	7/1/2038-6/30/2039	29,779,601
7/1/2012-6/30/2013	361,555,000	10.00%	36,155,500	48	31%	7/1/2039-6/30/2040	30,414,630
7/1/2013-6/30/2014	258,081,893	10.00%	25,808,189	36	17%	7/1/2040-6/30/2041	30,926,666
7/1/2014-6/30/2015	241,145,000	10.00%	24,114,500	24	6%	7/1/2041-6/30/2042	31,371,901
7/1/2015-6/30/2016	263,524,235	10.00%	26,352,424	1	1%	7/1/2042-6/30/2043	31,736,245
7/1/2016-6/30/2017	340,690,000	10.00%	34,069,000	0	0%	7/1/2043-6/30/2044	31,953,518
7/1/2017-6/30/2018	200,000,000	10.00%	20,000,000	0	0%	7/1/2044-6/30/2045	32,146,077
7/1/2018-6/30/2019	225,000,000	10.00%	22,500,000	0	0%	7/1/2045-6/30/2046	32,289,503
7/1/2019-6/30/2020	225,000,000	10.00%	22,500,000	0	0%		
7/1/2020-6/30/2021	225,000,000	10.00%	22,500,000	0	0%		
7/1/2021-6/30/2022	225,000,000	10.00%	22,500,000	0	0%		
7/1/2022-6/30/2023	225,000,000	10.00%	22,500,000	0	0%		
7/1/2023-6/30/2024	250,000,000	10.00%	25,000,000	0	0%		
7/1/2024-6/30/2025	250,000,000	10.00%	25,000,000	0	0%		
7/1/2025-6/30/2026	250,000,000	10.00%	25,000,000	0	0%		
7/1/2026-6/30/2027	250,000,000	10.00%	25,000,000	0	0%		
7/1/2027-6/30/2028	250,000,000	10.00%	25,000,000	0	0%		
7/1/2028-6/30/2029	275,000,000	10.00%	27,500,000	0	0%		
7/1/2029-6/30/2030	275,000,000	10.00%	27,500,000	0	0%		
7/1/2030-6/30/2031	275,000,000	10.00%	27,500,000	0	0%		
7/1/2031-6/30/2032	275,000,000	10.00%	27,500,000	0	0%		
7/1/2032-6/30/2033	300,000,000	10.00%	30,000,000	0	0%		
7/1/2033-6/30/2034	300,000,000	10.00%	30,000,000	0	0%		
7/1/2034-6/30/2035	300,000,000	10.00%	30,000,000	0	0%		
7/1/2035-6/30/2036	325,000,000	10.00%	32,500,000	0	0%		
7/1/2036-6/30/2037	325,000,000	10.00%	32,500,000	0	0%		
7/1/2037-6/30/2038	325,000,000	10.00%	32,500,000	0	0%		
7/1/2038-6/30/2039	325,000,000	10.00%	32,500,000	0	0%		
7/1/2039-6/30/2040	325,000,000	10.00%	32,500,000	0	0%		
7/1/2040-6/30/2041	325,000,000	10.00%	32,500,000	0	0%		
7/1/2041-6/30/2042	325,000,000	10.00%	32,500,000	0	0%		
7/1/2042-6/30/2043	325,000,000	10.00%	32,500,000	0	0%		
7/1/2043-6/30/2044	325,000,000	10.00%	32,500,000	0	0%		
7/1/2044-6/30/2045	325,000,000	10.00%	32,500,000	0	0%		
7/1/2045-6/30/2046	325,000,000	10.00%	32,500,000	0	0%		

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

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
At 10.00% Default Rate
Based on Data as of June 30, 2016**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2016-6/30/2017	21,342,563	64.5%	13,765,953	2,753,191
7/1/2017-6/30/2018	23,266,062	64.5%	15,006,610	6,098,662
7/1/2018-6/30/2019	23,927,857	64.5%	15,433,468	10,042,329
7/1/2019-6/30/2020	24,882,501	64.5%	16,049,213	12,373,665
7/1/2020-6/30/2021	24,224,098	64.5%	15,624,543	14,076,138
7/1/2021-6/30/2022	24,476,323	64.5%	15,787,228	14,834,583
7/1/2022-6/30/2023	23,994,811	64.5%	15,476,653	15,140,133
7/1/2023-6/30/2024	23,888,742	64.5%	15,408,239	15,420,308
7/1/2024-6/30/2025	23,296,473	64.5%	15,026,225	15,322,644
7/1/2025-6/30/2026	23,855,654	64.5%	15,386,897	15,304,174
7/1/2026-6/30/2027	23,778,669	64.5%	15,337,242	15,276,929
7/1/2027-6/30/2028	24,004,194	64.5%	15,482,705	15,348,725
7/1/2028-6/30/2029	24,196,629	64.5%	15,606,826	15,413,760
7/1/2029-6/30/2030	24,504,379	64.5%	15,805,325	15,530,834
7/1/2030-6/30/2031	24,888,128	64.5%	16,052,843	15,675,033
7/1/2031-6/30/2032	25,398,181	64.5%	16,381,827	15,875,914
7/1/2032-6/30/2033	25,826,809	64.5%	16,658,292	16,117,108
7/1/2033-6/30/2034	26,380,153	64.5%	17,015,198	16,394,240
7/1/2034-6/30/2035	26,986,894	64.5%	17,406,546	16,703,915
7/1/2035-6/30/2036	27,677,087	64.5%	17,851,721	17,057,979
7/1/2036-6/30/2037	28,281,840	64.5%	18,241,787	17,433,289
7/1/2037-6/30/2038	29,048,782	64.5%	18,736,464	17,844,903
7/1/2038-6/30/2039	29,779,601	64.5%	19,207,843	18,275,136
7/1/2039-6/30/2040	30,414,630	64.5%	19,617,437	18,715,594
7/1/2040-6/30/2041	30,926,666	64.5%	19,947,700	19,132,728
7/1/2041-6/30/2042	31,371,901	64.5%	20,234,876	19,515,072
7/1/2042-6/30/2043	31,736,245	64.5%	20,469,878	19,850,305
7/1/2043-6/30/2044	31,953,518	64.5%	20,610,019	20,127,676
7/1/2044-6/30/2045	32,146,077	64.5%	20,734,220	20,352,998
7/1/2045-6/30/2046	32,289,503	64.5%	20,826,729	20,528,622

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

**Estimated Amount of Loan Default by Fiscal Year at 6.10% Default Rate - Annual-Premium Loans Only
Based on Data as of June 30, 2016**

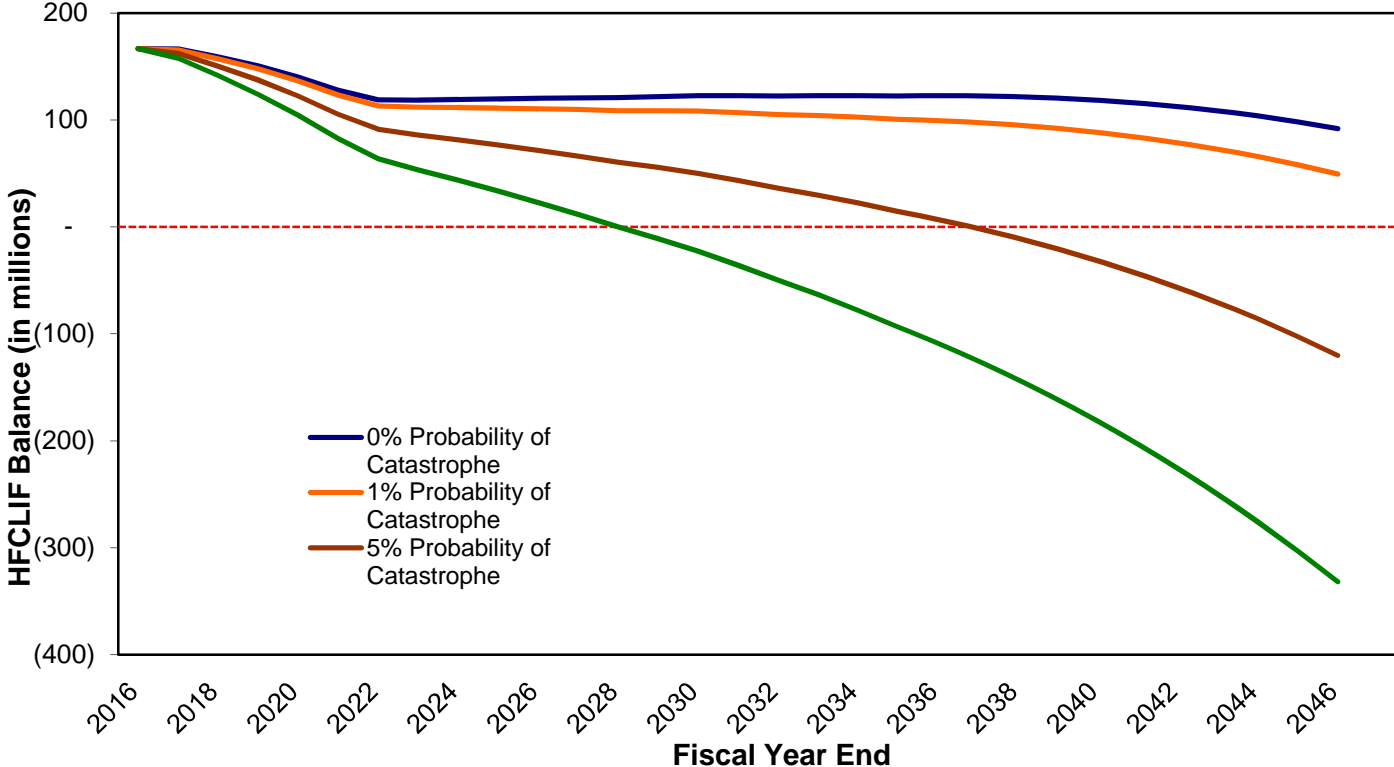
Issue Year	Total Annual Premium Loans Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1983-6/30/1984	159,700,000	6.10%	9,741,700	396	100%	7/1/2016-6/30/2017	0
7/1/1984-6/30/1985	151,784,000	6.10%	9,258,824	384	100%	7/1/2017-6/30/2018	0
7/1/1985-6/30/1986	210,620,000	6.10%	12,847,820	372	100%	7/1/2018-6/30/2019	0
7/1/1986-6/30/1987	287,629,000	6.10%	17,545,369	360	100%	7/1/2019-6/30/2020	0
7/1/1987-6/30/1988	164,845,000	6.10%	10,055,545	348	100%	7/1/2020-6/30/2021	0
7/1/1988-6/30/1989	291,840,000	6.10%	17,802,240	336	100%	7/1/2021-6/30/2022	0
7/1/1989-6/30/1990	285,070,000	6.10%	17,389,270	324	100%	7/1/2022-6/30/2023	0
7/1/1990-6/30/1991	502,627,148	6.10%	30,660,256	312	100%	7/1/2023-6/30/2024	0
7/1/1991-6/30/1992	340,350,000	6.10%	20,761,350	300	100%	7/1/2024-6/30/2025	0
7/1/1992-6/30/1993	425,234,203	6.10%	25,939,286	288	100%	7/1/2025-6/30/2026	0
7/1/1993-6/30/1994	269,577,356	6.10%	16,444,219	276	100%	7/1/2026-6/30/2027	0
7/1/1994-6/30/1995	86,855,000	6.10%	5,298,155	264	100%	7/1/2027-6/30/2028	0
7/1/1995-6/30/1996	122,845,000	6.10%	7,493,545	252	100%	7/1/2028-6/30/2029	0
7/1/1996-6/30/1997	96,845,000	6.10%	5,907,545	240	100%	7/1/2029-6/30/2030	0
7/1/1997-6/30/1998	288,615,000	6.10%	17,605,515	228	100%	7/1/2030-6/30/2031	0
7/1/1998-6/30/1999	30,100,000	6.10%	1,836,100	216	100%	7/1/2031-6/30/2032	0
7/1/1999-6/30/2000	135,160,000	6.10%	8,244,760	204	100%	7/1/2032-6/30/2033	0
7/1/2000-6/30/2001	35,640,000	6.10%	2,174,040	192	100%	7/1/2033-6/30/2034	0

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

Projected Fiscal Year End HFCLIF Balance

Fiscal Year	Expected Fiscal Year End Fund Balance			
	0% Probability of Catastrophe	1% Probability of Catastrophe	5% Probability of Catastrophe	10% Probability of Catastrophe
7/1/2015-6/30/2016	166,632,464	166,632,464	166,632,464	166,632,464
7/1/2016-6/30/2017	166,506,400	165,641,000	162,194,500	157,864,000
7/1/2017-6/30/2018	158,912,100	157,173,100	150,181,300	141,438,300
7/1/2018-6/30/2019	150,561,700	147,912,200	137,347,900	124,031,100
7/1/2019-6/30/2020	140,127,300	136,553,300	122,283,400	104,356,800
7/1/2020-6/30/2021	127,911,100	123,377,700	105,333,000	82,607,720
7/1/2021-6/30/2022	118,777,500	113,260,300	91,269,830	63,684,940
7/1/2022-6/30/2023	118,514,800	111,997,200	85,963,660	53,323,590
7/1/2023-6/30/2024	119,178,700	111,611,000	81,449,780	43,603,180
7/1/2024-6/30/2025	119,785,700	111,149,200	76,684,290	33,449,420
7/1/2025-6/30/2026	120,278,400	110,527,400	71,638,480	22,902,590
7/1/2026-6/30/2027	120,636,600	109,743,400	66,271,440	11,817,570
7/1/2027-6/30/2028	120,808,100	108,723,200	60,519,070	168,792
7/1/2028-6/30/2029	121,970,700	108,665,300	55,587,880	(10,891,450)
7/1/2029-6/30/2030	122,820,700	108,251,600	50,121,700	(22,675,520)
7/1/2030-6/30/2031	122,717,800	106,843,200	43,470,700	(35,864,370)
7/1/2031-6/30/2032	122,274,900	105,032,300	36,232,960	(49,871,800)
7/1/2032-6/30/2033	122,676,700	104,033,700	29,616,950	(63,496,980)
7/1/2033-6/30/2034	122,701,000	102,608,500	22,362,550	(78,005,320)
7/1/2034-6/30/2035	122,278,500	100,681,800	14,380,690	(93,512,700)
7/1/2035-6/30/2036	122,607,900	99,437,120	6,890,879	(108,824,800)
7/1/2036-6/30/2037	122,444,400	97,649,580	(1,406,669)	(125,222,200)
7/1/2037-6/30/2038	121,731,100	95,268,500	(10,546,410)	(142,781,200)
7/1/2038-6/30/2039	120,389,400	92,176,500	(20,604,290)	(161,581,600)
7/1/2039-6/30/2040	118,404,700	88,382,170	(31,629,960)	(181,668,000)
7/1/2040-6/30/2041	115,770,600	83,873,440	(43,649,910)	(203,061,500)
7/1/2041-6/30/2042	112,456,000	78,596,630	(56,683,870)	(225,844,400)
7/1/2042-6/30/2043	108,469,000	72,576,230	(70,773,070)	(250,045,100)
7/1/2043-6/30/2044	103,773,600	65,801,250	(85,966,480)	(275,693,100)
7/1/2044-6/30/2045	98,125,900	57,999,480	(102,499,300)	(303,055,100)
7/1/2045-6/30/2046	91,758,570	49,376,500	(120,154,400)	(331,905,700)

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



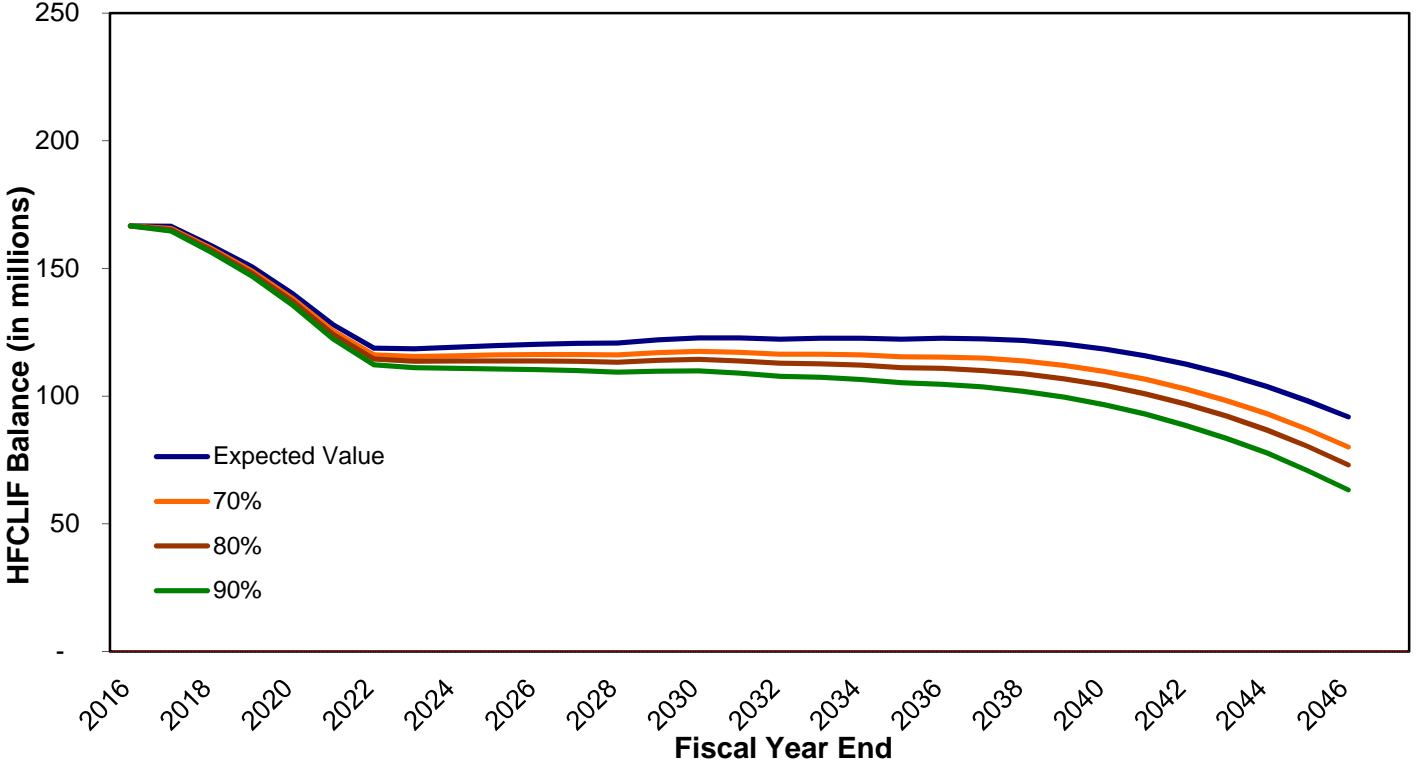
**Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program**

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

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2015-6/30/2016	166,632,464	166,632,464	166,632,464	166,632,464
7/1/2016-6/30/2017	166,506,400	165,610,900	165,154,900	164,670,600
7/1/2017-6/30/2018	158,912,100	157,756,000	157,082,800	156,182,100
7/1/2018-6/30/2019	150,561,700	149,018,800	148,127,100	146,910,100
7/1/2019-6/30/2020	140,127,300	138,188,800	137,058,300	135,521,300
7/1/2020-6/30/2021	127,911,100	125,566,400	124,188,200	122,293,500
7/1/2021-6/30/2022	118,777,500	116,088,900	114,447,500	112,216,400
7/1/2022-6/30/2023	118,514,800	115,448,300	113,609,100	111,119,200
7/1/2023-6/30/2024	119,178,700	115,760,700	113,708,900	110,910,200
7/1/2024-6/30/2025	119,785,700	116,079,000	113,779,300	110,676,500
7/1/2025-6/30/2026	120,278,400	116,265,700	113,810,800	110,334,000
7/1/2026-6/30/2027	120,636,600	116,278,400	113,630,700	109,994,700
7/1/2027-6/30/2028	120,808,100	116,118,500	113,295,400	109,410,400
7/1/2028-6/30/2029	121,970,700	117,000,400	113,980,400	109,800,100
7/1/2029-6/30/2030	122,820,700	117,487,500	114,331,600	109,908,800
7/1/2030-6/30/2031	122,717,800	117,117,200	113,719,600	108,963,300
7/1/2031-6/30/2032	122,274,900	116,348,500	112,833,700	107,740,800
7/1/2032-6/30/2033	122,676,700	116,421,300	112,628,500	107,311,400
7/1/2033-6/30/2034	122,701,000	116,130,200	112,148,000	106,445,600
7/1/2034-6/30/2035	122,278,500	115,345,900	111,065,400	105,207,700
7/1/2035-6/30/2036	122,607,900	115,313,600	110,804,900	104,635,000
7/1/2036-6/30/2037	122,444,400	114,823,700	110,038,300	103,592,700
7/1/2037-6/30/2038	121,731,100	113,736,900	108,677,600	101,888,600
7/1/2038-6/30/2039	120,389,400	111,978,300	106,740,800	99,642,140
7/1/2039-6/30/2040	118,404,700	109,578,800	104,191,000	96,642,100
7/1/2040-6/30/2041	115,770,600	106,563,400	100,901,300	92,952,420
7/1/2041-6/30/2042	112,456,000	102,762,000	96,832,050	88,488,250
7/1/2042-6/30/2043	108,469,000	98,250,060	92,142,500	83,465,740
7/1/2043-6/30/2044	103,773,600	93,050,460	86,734,440	77,706,360
7/1/2044-6/30/2045	98,125,900	86,889,940	80,227,300	70,766,660
7/1/2045-6/30/2046	91,758,570	80,069,030	73,035,220	63,266,160

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

0% Probability of Catastrophe



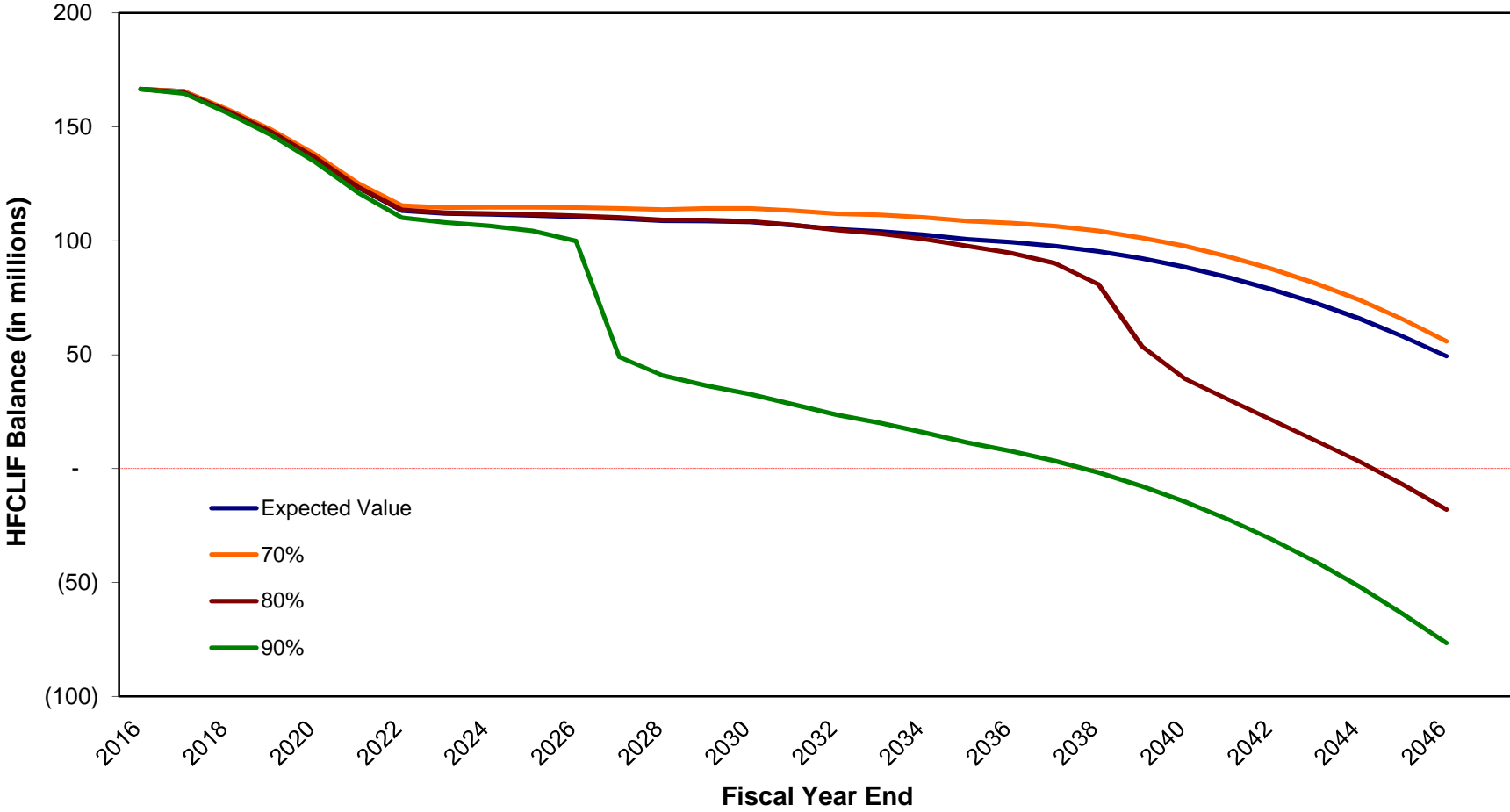
Cal-Mortgage Loan Insurance Division
 California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
 1% Probability of Catastrophe

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2015-6/30/2016	166,632,464	166,632,464	166,632,464	166,632,464
7/1/2016-6/30/2017	165,641,000	165,565,200	165,113,300	164,642,500
7/1/2017-6/30/2018	157,173,100	157,698,500	156,982,700	155,948,700
7/1/2018-6/30/2019	147,912,200	148,861,800	147,881,800	146,403,100
7/1/2019-6/30/2020	136,553,300	137,947,700	136,677,300	134,692,000
7/1/2020-6/30/2021	123,377,700	125,199,600	123,568,100	120,950,700
7/1/2021-6/30/2022	113,260,300	115,462,500	113,540,100	110,154,300
7/1/2022-6/30/2023	111,997,200	114,559,300	112,301,800	108,039,700
7/1/2023-6/30/2024	111,611,000	114,634,400	111,973,100	106,596,500
7/1/2024-6/30/2025	111,149,200	114,648,000	111,585,700	104,331,000
7/1/2025-6/30/2026	110,527,400	114,534,600	111,012,800	99,845,440
7/1/2026-6/30/2027	109,743,400	114,211,400	110,224,300	49,014,700
7/1/2027-6/30/2028	108,723,200	113,707,200	109,145,500	40,843,580
7/1/2028-6/30/2029	108,665,300	114,133,700	109,085,400	36,437,180
7/1/2029-6/30/2030	108,251,600	114,192,000	108,518,000	32,673,200
7/1/2030-6/30/2031	106,843,200	113,238,600	106,871,600	28,089,900
7/1/2031-6/30/2032	105,032,300	111,867,600	104,722,600	23,548,620
7/1/2032-6/30/2033	104,033,700	111,297,400	103,082,400	19,982,080
7/1/2033-6/30/2034	102,608,500	110,262,100	100,770,900	15,841,650
7/1/2034-6/30/2035	100,681,800	108,661,600	97,620,620	11,371,640
7/1/2035-6/30/2036	99,437,120	107,824,600	94,577,640	7,697,854
7/1/2036-6/30/2037	97,649,580	106,461,700	90,170,480	3,280,512
7/1/2037-6/30/2038	95,268,500	104,351,100	80,942,450	(1,692,030)
7/1/2038-6/30/2039	92,176,500	101,297,200	53,695,490	(7,774,303)
7/1/2039-6/30/2040	88,382,170	97,618,100	39,276,870	(14,702,870)
7/1/2040-6/30/2041	83,873,440	92,987,610	30,239,170	(22,393,310)
7/1/2041-6/30/2042	78,596,630	87,604,300	21,187,390	(31,232,710)
7/1/2042-6/30/2043	72,576,230	81,279,930	12,228,430	(40,972,560)
7/1/2043-6/30/2044	65,801,250	73,968,570	3,094,137	(51,782,450)
7/1/2044-6/30/2045	57,999,480	65,496,260	(7,079,592)	(63,831,060)
7/1/2045-6/30/2046	49,376,500	55,895,220	(18,014,480)	(76,573,470)

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

1% Probability of Catastrophe



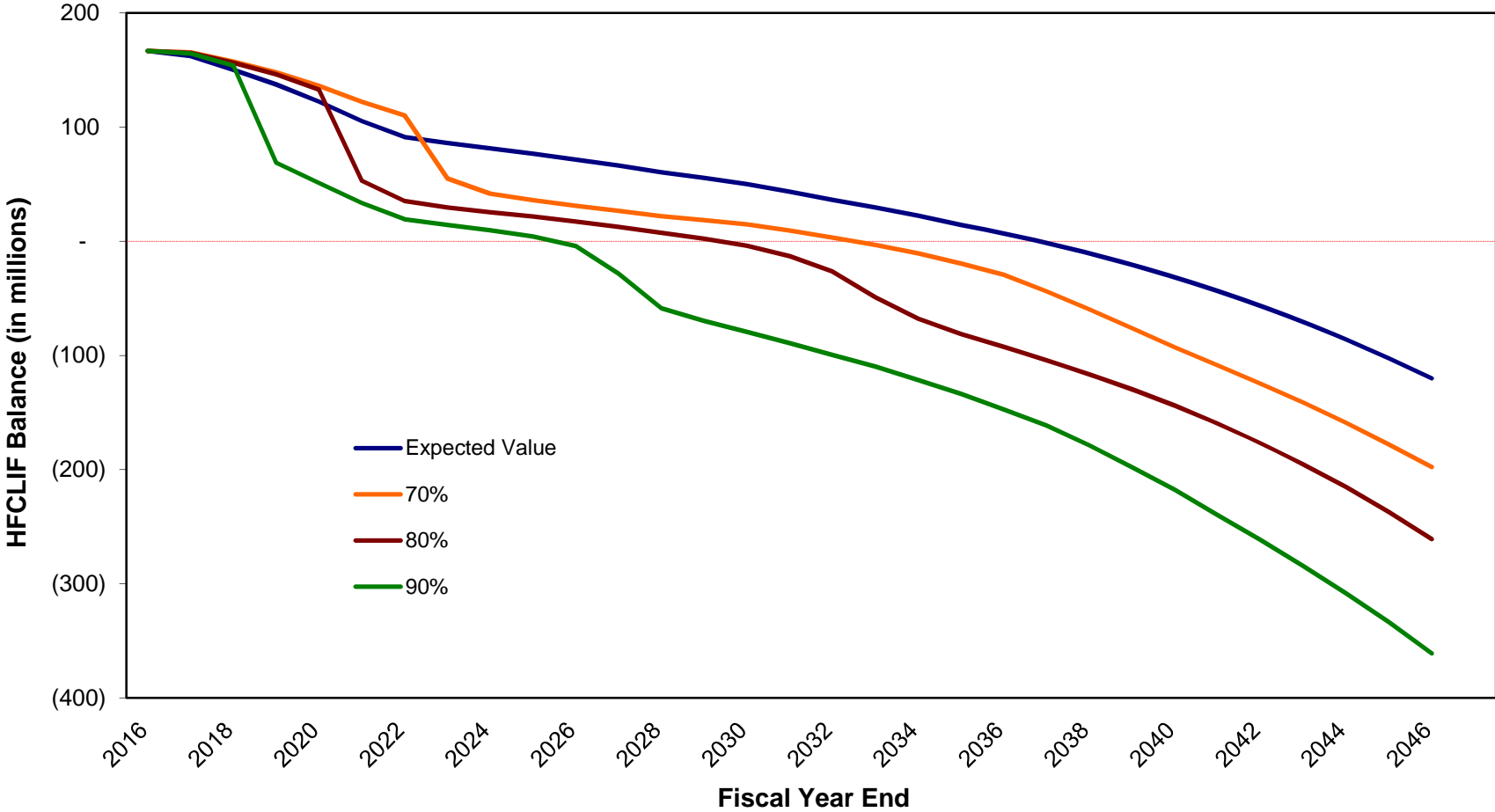
Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
5% Probability of Catastrophe

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2015-6/30/2016	166,632,464	166,632,464	166,632,464	166,632,464
7/1/2016-6/30/2017	162,194,500	165,438,400	164,958,700	164,400,800
7/1/2017-6/30/2018	150,181,300	157,254,500	156,328,200	153,833,200
7/1/2018-6/30/2019	137,347,900	147,945,600	146,302,000	68,832,650
7/1/2019-6/30/2020	122,283,400	136,227,000	132,575,800	51,088,140
7/1/2020-6/30/2021	105,333,000	122,178,700	53,059,570	33,468,090
7/1/2021-6/30/2022	91,269,830	110,242,400	35,314,100	19,270,950
7/1/2022-6/30/2023	85,963,660	55,058,850	29,487,100	14,271,190
7/1/2023-6/30/2024	81,449,780	41,809,580	25,521,820	9,521,944
7/1/2024-6/30/2025	76,684,290	35,911,790	21,681,270	4,083,346
7/1/2025-6/30/2026	71,638,480	31,060,170	17,264,030	(4,105,587)
7/1/2026-6/30/2027	66,271,440	26,701,030	12,590,700	(28,387,220)
7/1/2027-6/30/2028	60,519,070	22,059,840	7,433,656	(58,754,380)
7/1/2028-6/30/2029	55,587,880	18,500,420	2,345,203	(69,874,100)
7/1/2029-6/30/2030	50,121,700	14,696,030	(3,851,869)	(79,370,400)
7/1/2030-6/30/2031	43,470,700	9,297,742	(13,090,310)	(89,334,820)
7/1/2031-6/30/2032	36,232,960	3,188,355	(26,669,370)	(99,686,100)
7/1/2032-6/30/2033	29,616,950	(3,074,285)	(48,996,080)	(109,824,600)
7/1/2033-6/30/2034	22,362,550	(10,497,550)	(67,822,900)	(121,575,000)
7/1/2034-6/30/2035	14,380,690	(19,546,240)	(81,288,620)	(133,590,300)
7/1/2035-6/30/2036	6,890,879	(29,318,670)	(92,434,250)	(147,510,000)
7/1/2036-6/30/2037	(1,406,669)	(43,910,060)	(104,270,800)	(161,539,100)
7/1/2037-6/30/2038	(10,546,410)	(59,750,640)	(116,671,600)	(178,907,700)
7/1/2038-6/30/2039	(20,604,290)	(76,270,210)	(129,696,300)	(197,999,800)
7/1/2039-6/30/2040	(31,629,960)	(93,029,170)	(143,957,400)	(217,697,600)
7/1/2040-6/30/2041	(43,649,910)	(108,655,400)	(159,803,900)	(239,879,200)
7/1/2041-6/30/2042	(56,683,870)	(124,867,900)	(177,066,600)	(261,736,500)
7/1/2042-6/30/2043	(70,773,070)	(141,245,100)	(195,677,900)	(284,545,700)
7/1/2043-6/30/2044	(85,966,480)	(159,165,900)	(215,344,300)	(308,478,200)
7/1/2044-6/30/2045	(102,499,300)	(178,031,900)	(237,266,900)	(333,764,000)
7/1/2045-6/30/2046	(120,154,400)	(197,864,600)	(260,822,600)	(361,061,400)

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

5% Probability of Catastrophe



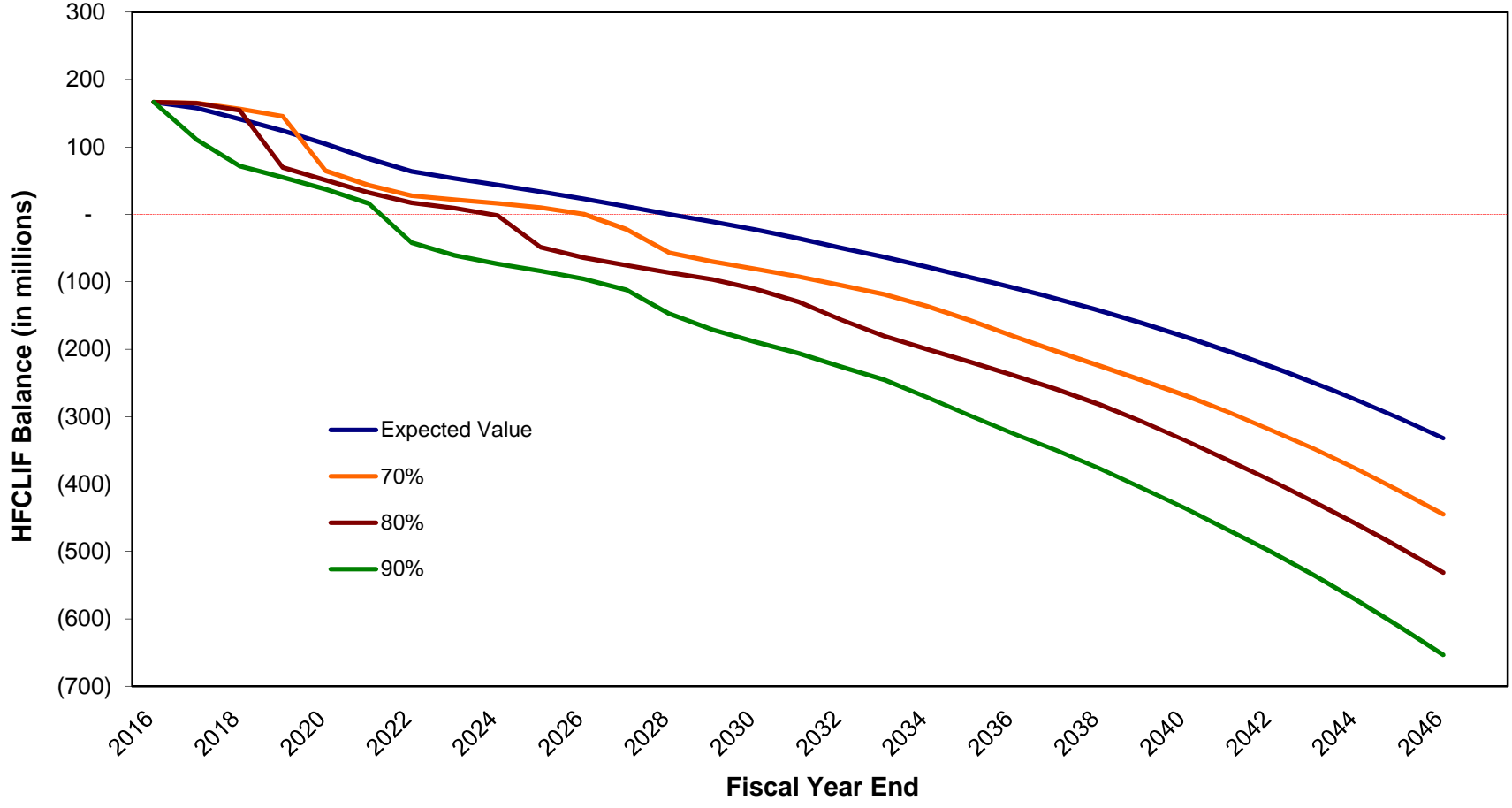
Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program

Projected Fiscal Year End HFCLIF Balance
10% Probability of Catastrophe

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2015-6/30/2016	166,632,464	166,632,464	166,632,464	166,632,464
7/1/2016-6/30/2017	157,864,000	165,267,100	164,740,900	110,720,100
7/1/2017-6/30/2018	141,438,300	156,508,100	154,459,200	71,710,140
7/1/2018-6/30/2019	124,031,100	145,587,600	69,535,620	54,974,890
7/1/2019-6/30/2020	104,356,800	64,488,620	50,969,620	37,433,160
7/1/2020-6/30/2021	82,607,720	43,420,500	32,454,120	16,286,530
7/1/2021-6/30/2022	63,684,940	27,849,010	17,065,440	(42,170,250)
7/1/2022-6/30/2023	53,323,590	21,803,300	9,418,693	(60,974,300)
7/1/2023-6/30/2024	43,603,180	16,438,610	(1,885,630)	(73,377,860)
7/1/2024-6/30/2025	33,449,420	10,161,710	(48,632,070)	(84,048,440)
7/1/2025-6/30/2026	22,902,590	528,081	(64,240,720)	(95,621,540)
7/1/2026-6/30/2027	11,817,570	(22,404,650)	(75,543,700)	(112,040,100)
7/1/2027-6/30/2028	168,792	(57,050,620)	(86,263,300)	(147,597,400)
7/1/2028-6/30/2029	(10,891,450)	(70,060,620)	(96,718,740)	(171,189,900)
7/1/2029-6/30/2030	(22,675,520)	(80,884,170)	(110,685,800)	(189,375,900)
7/1/2030-6/30/2031	(35,864,370)	(92,511,890)	(129,647,100)	(206,033,200)
7/1/2031-6/30/2032	(49,871,800)	(105,298,400)	(156,750,600)	(226,024,700)
7/1/2032-6/30/2033	(63,496,980)	(118,678,900)	(180,794,300)	(245,597,800)
7/1/2033-6/30/2034	(78,005,320)	(136,347,700)	(200,279,900)	(271,473,400)
7/1/2034-6/30/2035	(93,512,700)	(157,443,400)	(219,262,200)	(298,733,800)
7/1/2035-6/30/2036	(108,824,800)	(181,057,000)	(238,978,500)	(325,108,400)
7/1/2036-6/30/2037	(125,222,200)	(202,937,800)	(259,372,300)	(349,921,700)
7/1/2037-6/30/2038	(142,781,200)	(224,590,000)	(282,114,000)	(376,954,400)
7/1/2038-6/30/2039	(161,581,600)	(246,475,200)	(307,645,400)	(406,236,900)
7/1/2039-6/30/2040	(181,668,000)	(268,508,800)	(335,395,000)	(436,199,700)
7/1/2040-6/30/2041	(203,061,500)	(293,240,400)	(365,058,500)	(468,501,700)
7/1/2041-6/30/2042	(225,844,400)	(320,306,800)	(395,112,600)	(500,542,000)
7/1/2042-6/30/2043	(250,045,100)	(348,113,200)	(426,858,400)	(535,702,300)
7/1/2043-6/30/2044	(275,693,100)	(378,230,500)	(459,957,400)	(572,655,900)
7/1/2044-6/30/2045	(303,055,100)	(410,680,800)	(494,656,400)	(612,317,500)
7/1/2045-6/30/2046	(331,905,700)	(444,821,500)	(531,276,000)	(653,444,800)

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

10% Probability of Catastrophe



**Cal-Mortgage Loan Insurance Division
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Hospitals
Parameters for Monte Carlo Simulation
Based on Data as of June 30, 2016**

Issue Year	(1)	(2)	(3)
	Hospitals Loan Balance Default Rate	Nursing Homes Loan Balance Default Rate	Selected Loan Balance Default Rate
1981	1.94%	37.09%	21.2%
1982	1.82%	40.17%	22.9%
1983	0.28%	54.32%	30.0%
1984	0.23%	40.11%	22.1%
1985	0.91%	26.26%	14.8%
1986	3.88%	24.40%	15.1%
1987	1.92%	13.44%	8.2%
1988	0.45%	8.57%	4.9%
1989	0.61%	4.76%	2.9%
1990	0.82%	10.60%	6.2%
1991	2.77%	2.23%	2.5%
1992	2.70%	5.22%	4.1%
1993	1.93%	9.04%	5.8%
1994	1.14%	11.41%	6.8%
1995	0.29%	14.60%	8.2%
1996	3.30%	10.33%	7.2%
1997	0.86%	9.03%	5.3%
1998	0.62%	9.28%	5.4%
1999	0.37%	7.46%	4.3%
2000	0.10%	5.74%	3.2%
2001	0.01%	6.10%	3.4%
2002	0.19%	3.62%	2.1%
2003	2.41%	3.47%	3.0%
2004	0.16%	8.79%	4.9%
2005	0.48%	2.16%	1.4%
2006	0.23%	3.72%	2.1%
2007	3.38%	5.33%	4.4%
2008	0.46%	8.34%	4.8%
2009	0.22%	12.29%	6.8%
2010	0.55%	15.29%	8.6%
2011	0.64%	12.61%	7.2%
2012	1.27%	11.63%	7.0%
2013	1.00%	12.62%	7.4%
2014	1.13%	12.11%	7.2%
2015	1.20%	11.50%	6.9%

Current Split of Exposure (Current Principal Balance)		
(4)	Hospital:	45.1%
(5)	Nursing Home:	54.9%

Indicated CV (Coefficient of Variation):

1981 - 2015	0.840
1981 - 1999	0.779
1997 - 2007	0.383
2005 - 2014	0.423
1997 - 2014	0.431
Prior CV	0.620

Selected CV	0.610
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Notes:
 (1) From Section III, Exhibit 2, Page 2, Column (5)
 (2) From Section III, Exhibit 2, Page 5, Column (5)
 (3) = [(1) x (4) + (2) x (5)]
 (4) Based on data from Section III, Exhibit 2, Page 1
 (5) Based on data from Section III, Exhibit 2, Page 1

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

**Parameters for Monte Carlo Simulation
Based on Data as of June 30, 2016**

		Distribution	Expected	Selected CV	Low	High
(1)	Default Rate	Truncated Lognormal	6.10%	61.02%	1.22%	30.50%
(2)	Loss Severity	Triangle	64.50%		30.00%	100.00%
(3)	Loss Severity - CAT	Triangle	75.00%		50.00%	100.00%
(4)	New Insured Loan	Uniform			Expected - \$50M	Expected + \$50M
(5)	Termination Rate	Triangle	8.00%		0.00%	15.00%
(6)	Investment Yield	Triangle			Expected - 2%	Expected + 2%

Notes:

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

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

**Ten Largest Borrowers Based on Original Insured Amount
Based on Data as of June 30, 2016**

Borrower Rank	Borrower	Original Insured Amount	Current Principal Balance
#1	ENLOE MEDICAL CENTER	242,645,000	216,860,000
#2	LOS ANGELES JEWISH HOME FOR THE AGING	251,105,000	200,750,000
#3	LODI MEMORIAL HOSPITAL ASSOCIATION, INC.*	150,000,000	133,625,000
#4	ODD FELLOWS HOME OF CALIFORNIA	98,550,000	89,055,000
#5	MONTECEDRO	140,305,000	76,045,000
#6	CASA DE LAS CAMPANAS	73,310,000	67,420,000
#7	CHINESE HOSPITAL	65,000,000	63,715,000
#8	NORTHERN CALIFORNIA PRESBYTERIAN HOMES & SERVICES	63,210,000	63,210,000
#9	MARSHALL MEDICAL CENTER	64,700,000	58,640,000
#10	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL	76,970,000	58,050,000
TOTALS		1,225,795,000	1,027,370,000

* Lodi Memorial Hospital Association, Inc. paid-off and left the program in September 2016

<i>Average</i>	122,579,500
<i>Average Excluding High & Low</i>	113,935,000
<i>Prior Selected Catastrophe Loss</i>	115,000,000
<i>Selected Catastrophe Loss</i>	115,000,000



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