

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
(CHFFA)**

HELP II Loan Program

Information Item

December 6, 2007

BACKGROUND: The HELP II Loan Program began making loans in May 1995. The Program is designed exclusively for the small healthcare provider. HELP II maintains a dedicated capital base for healthcare borrowers. All program funds (100%) go towards loans, with CHFFA absorbing all staff, legal and loan reserve costs of the program. As a result, the program is able to maintain below market lending terms at a 3% interest rate. Standardized loan documents and closing processes further reduce costs and offer maximum operational flexibility to borrowers.

The HELP II Loan Program offers a variety of ways for health facilities to improve and grow their operations. The two most popular uses of capital have been for construction/renovation projects and new facility acquisition. Other popular uses include refinancing for interest savings and equipment purchases to supplement or enhance programs and services.

PROGRAM UPDATE: To date, the HELP II Loan Program has funded 169 loans totaling \$53.6 million. General requirements include a maximum annual gross revenue of \$30 million, a loan limit of \$750,000 per organization, with loan term of 15 years. The HELP II Loan also requires collateralization.

CHFFA's marketing plan includes continuing to look for opportunities to increase the Program's exposure by collaborating with various health associations and healthcare provider networks and to focus on health care facilities such as mental health, group homes and adult day health care facilities.