

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (“Authority”)  
STAFF SUMMARY AND RECOMMENDATION**

**Substance Abuse Foundation of Long Beach, Inc (“SAF”)**

**Amended Resolution Number HII-135**

**July 29, 2010**

**PURPOSE OF THE REQUEST**

Staff requests the Authority amend the security interest in an existing HELP II loan originally approved by the Board for the benefit of SAF on January 30, 2003. If approved by the Board, this amendment will release one of two liens the Authority currently holds as collateral. The amendment herein recommended by staff will not change the current term of the loan or its current outstanding principal balance.

**BACKGROUND**

On January 30, 2003, the Authority authorized a HELP II loan in the amount of \$400,000 for SAF. Loan proceeds were used to refinance three existing loans on two properties, one located at 2825 East Seventh Street, Long Beach, CA 90804 (the “First Property”), and the other at 3125 East Seventh Street, Long Beach CA 90804 (the “Second Property”).

Recently, SAF secured a forgivable loan from the State of California Department of Emergency Housing and Assistance Program Capital Development (“EHAPCD”) to complete rehabilitation plans SAF has in place for the First Property. As part of the forgivable loan transaction, EHAPCD is requiring SAF to give a first lien position on the First Property. Therefore, SAF requests the Authority to release its lien currently on the First Property. The Authority will retain a first position lien on the Second Property for the original value of the HELP II loan (\$400,000). The Second Property was recently appraised on June 15, 2010, and the appraisal assigns a fair market value of \$565,000. The current outstanding HELP II loan balance is \$254,820, resulting in a loan to value ratio of 45%, which is sufficiently below the Authority’s maximum loan to value ratio requirement of 95%.

Authority Staff and Macias Gini & O’Connell LLP, the Authority’s financial analyst, have reviewed the most current financial statements of SAF and found that they continue to remain fiscally healthy.

If approved by the Authority, staff will proceed to release the Authority’s first position lien against the First Property. The Authority will nevertheless retain its first position lien against the Second Property in the amount of \$400,000.

**RECOMMENDATION**

Staff recommends the Authority approve amending the security interest in the HELP II loan approved for SAF on January 30, 2003 to permit the release of the Authority’s lien currently secured against the First Property.