

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (Authority)
HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II)

Second Amendment to Resolution No. HII-334

January 26, 2023

PURPOSE OF THE REQUEST:

Heritage Group Homes, Inc., (Heritage) is requesting an amendment to extend the repeal date for its HELP II loan as set forth and adopted in Resolution No. HII-334.

BACKGROUND:

On July 28, 2022, the Authority approved a HELP II loan for Heritage in an amount not to exceed \$2,000,000 to purchase one multifamily apartment building in Los Angeles County or San Bernardino County that would be used for permanent supportive housing and to provide mental health services to foster youth. On September 29, 2022, the Authority approved a First Amendment to Resolution No. HII-334 to allow Heritage the option to purchase one or more single-family homes and expand its search area to include Orange County.

In November 2022, Heritage identified four properties it intended to purchase for a total loan amount of \$2,000,000. The properties consisted of three single-family homes located in San Bernardino County and one multi-family apartment in Los Angeles County. Three of the four properties closed by the end of December 2022, with the fourth property originally scheduled to close in early January 2023. However, the closing of the fourth property has experienced delays as it is a short sale and requires approval by the bank holding the current mortgage. The loan is currently expected to close on January 26, 2023, while the original resolution repeal date is January 28, 2023.

While Heritage anticipates a timely closing, in the event that the closing is delayed further, this extension request will allow Heritage additional time to close the current transaction or to find a replacement property to purchase and close by April 30, 2023.

RECOMMENDATION:

Staff recommends the Authority approve the Second Amendment to Resolution No. HII-334 for Heritage Group Homes, Inc., to extend the repeal date to April 30, 2023. All other conditions of Resolution No. HII-334 remain unchanged and in full effect.

The amended resolution is attached with revisions shown.

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

HEALTHCARE EXPANSION LOAN PROGRAM II (HELP II)

~~First~~ Second Amendment to Resolution No. HII-334

**RESOLUTION APPROVING EXECUTION AND DELIVERY OF
HELP II LOAN PROGRAM AGREEMENTS WITH CERTAIN
PARTICIPATING HEALTH INSTITUTIONS**

WHEREAS, the California Health Facilities Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the provisions of the California Health Facilities Financing Authority Act (the “Act”) to provide secured or unsecured loans to participating health institutions to refinance existing debt and finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, or equipping of a health facility; and

WHEREAS, the Authority established the HELP II Loan Program (the “Program”) to provide loans to participating health institutions as authorized by the Act; and

WHEREAS, **Heritage Group Homes, Inc.** (the “Borrower”), a California participating health institution, has applied to the Authority for a loan through the Program, and the application has been reviewed by the staff of the Authority; and

WHEREAS, the Borrower received Authority approval for a HELP II loan, as memorialized in Resolution No. HII-334 adopted at the July 28, 2022, Authority Board meeting and will be repealed on January 28, 2023; and

WHEREAS, the Borrower received Authority approval of the First Amendment of Resolution No. HII-334 at the September 29, 2022, Authority Board meeting to amend the project description to include the option to purchase one or more single-family homes and to expand the area of its real property search to include Orange County; and

WHEREAS, the Borrower is requesting a second amendment to Resolution No. HII-334 to extend the repeal date by three months to April 30, 2023; and

WHEREAS, approval of the ~~loan~~ Second Amendment to Resolution No. HII-334 by the Authority is now sought;

NOW, THEREFORE, BE IT RESOLVED, by the California Health Facilities Financing Authority, as follows:

Section 1. Pursuant to the Act, the Authority approves the loans to the Borrower, in a cumulative amount not to exceed **\$2,000,000** for individual terms not to exceed **20 years** for each property purchased for the purposes described in ~~the application filed with the Authority~~ Exhibit A of the Second Amendment to this resolution (the “Projects”), but solely to the extent there are available proceeds of the Program, as determined pursuant and subject to Section 2 hereof. This approval is further contingent upon the following conditions:

1. 20-year, two percent (2%) fixed-rate for each loan
2. First lien on each real property purchased with HELP II funds
3. A current appraisal for each property that exhibits a loan-to-value ratio not to exceed 95%
4. Corporate gross revenue pledge
5. Executed purchase contract for each property
6. Verification of Borrower's funds to close escrow

Section 2. The Executive Director and the Deputy Executive Director are hereby authorized, for and on behalf of the Authority, to determine the final amount, terms and conditions of the loans, and to approve any changes in the Project described in the application submitted to the Authority, as said officer shall deem appropriate and authorized under the Act (provided that the amount of the loans may not be increased above the amount approved by the Authority and provided further that the loans continue to meet the Authority's guidelines for HELP II loans). Nothing in this resolution shall be construed to require the Authority to obtain any additional funding, even if more loans are approved than there is available funding. Any notice to the Borrower shall indicate that the Authority shall not be liable to the Borrower in any manner whatsoever should such funding not be completed for any reason whatsoever.

Section 3. The Executive Director and the Deputy Executive Director are hereby authorized and directed, for and on behalf of the Authority, to draw money from the Program fund not to exceed those amounts approved by the Authority for the Borrower. The Executive Director and Deputy Executive Director are further authorized and directed, for and on behalf of the Authority, to execute and deliver to the Borrower any and all documents necessary to complete the transfer of funds.

Section 4. The Executive Director and the Deputy Executive Director of the Authority are hereby authorized and directed to do any and all things and to execute and deliver any and all documents which the Executive Director or the Deputy Executive Director deem necessary or advisable in order to effectuate the purposes of this resolution and the transactions contemplated hereby, and which have heretofore been approved as to form by the Authority.

Section 5. This resolution is repealed ~~six months from the date of approval of Resolution Number HH-334~~ on April 30, 2023.

Date of Approval: _____

EXHIBIT A

**USE OF HELP II LOAN PROCEEDS UNDER
SECOND AMENDMENT TO RESOLUTION NO. HII-334**

- Pre-approval to purchase one real property (multi-family residential facility) located in Los Angeles County, San Bernardino County, or Orange County
- Pre-approval to purchase one or more real properties (single family homes) located in Los Angeles County, San Bernardino County, or Orange County