



# California State Treasurer's Office **NEWS RELEASE**

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## **Treasurer Ma Announces Approval of Loan Modification for Distressed Hospital Loan Program**

*Borrowers still struggling can seek deferral or forgiveness of original loan*

**SACRAMENTO** – State Treasurer Fiona Ma announced Thursday the approval of a loan modification process for hospitals that have received funds under the Distressed Hospital Loan Program (DHLP).

The DHLP provided nearly \$300 million in one time funding for zero-interest loans to 16 California hospitals in significant financial distress, with the goal of helping them stay open or reopen and achieving long-term financial stability. The DHLP is jointly run by the California Health Facilities Financing Authority (CHFFA) and Department of Health Care Access and Information (HCAI).

Loan modification, as approved by CHFFA and HCAI, consists of a two-step process when certain eligibility measures have been met. Borrowers can first apply for a 12-month extension of the deferral period and maturity date. The original loans carried a 72-month term with an 18-month payment deferment period. If step one is approved, borrowers may later apply for step two, if still experiencing financial distress, which would forgive the following 12-months of debt service payments.

“Many of these hospitals provide the only healthcare services for their communities, and ensuring their long-term viability is critical,” said Treasurer Ma. “For those borrowers still struggling to find their footing, the loan modification process gives them two paths to needed breathing room.”

Borrowers applying for either step must provide justification that, despite best efforts, the borrower remains in financial distress. Borrowers denied in either step may reapply after 12 months.

With today's approval, CHFFA will now alert borrowers of the loan modification application. The application and additional information about the loan modification process can be found at <https://www.treasurer.ca.gov/chffa/programs/dhlp.asp>.

Complete materials from today's meeting, including a list of existing borrowers and the loan modification application can be accessed [here](#).

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*Fiona Ma is California's 34th State Treasurer. She is the first woman of color, and the first woman Certified Public Accountant (CPA) elected to the position. Treasurer Ma serves as the state's banker and is agent of sale for all state bonds and trustee of billions of dollars of state indebtedness. The State Treasurer's Office also processes more than \$3 trillion in banking transactions annually and manages a \$150 billion investment portfolio. As State Treasurer, Ma is also chair of many boards, commissions, and authorities that provide financing for schools, housing, recycling and waste management, alternative energy, hospitals, and other projects that create jobs, improve California's economy, and better the lives of residents.*