CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

COVID-19 Emergency HELP Loan Program

Frequently Asked Questions

May 2022

1. Who is eligible for a COVID-19 Emergency HELP loan?

A California non-profit 501(c)(3) corporation or a public health facility (Section 15432(e) of the California Government Code) with annual gross revenues of $30 million or less as shown on the most recent audited financial statements (if over $30 million, see question #2 below). The $30 million cap applies to parent companies and not to subsidiaries that are owned or controlled by another company. A borrower must have been in existence for at least three years, providing the same types of services. Eligibility for this program was modeled after CHFFA's preexisting HELP II Loan Program.

Eligible types of health facilities (Section 15432(d) of the California Government Code) may include:

- Acute Care Hospitals
- Adult Day Health Centers
- Alcoholism Recovery Facilities
- Blood Banks
- Chemical Dependency Facilities
- Child Day Care Facilities
- Community Clinics
- Community Mental Health Facilities
- Developmental Disability Facilities
- Diagnostic or Treatment Centers
- Group Homes
- Intermediate Care Facilities
- Multilevel Care Facilities
- Psychiatric Hospitals and Facilities
- Rehabilitation Facilities
- Skilled Nursing Facility

2. Is my organization ineligible for the COVID-19 Emergency HELP Loan Program if our most recent audited financial statements show an annual gross revenue of more than $30 million?

An organization with annual gross revenues greater than $30 million may still be eligible to apply if it has facilities that are designated as rural. As long as funding is used at the facilities designated as rural, the $30 million gross revenue maximum requirement does not apply. District hospitals are also exempt from the $30 million gross revenue maximum requirement.

3. How do I determine if my health facility is designated as rural?

CHFFA considers a health facility as rural for the purposes of this program based on the California Department of Health Care Access and Information (HCAI) Medical Service Study Area (MSSA) determination as a rural or frontier health facility. A health facility must be located within an MSSA to qualify. The link below can be used to look up the MSSA definition of your facility.

https://geo.hcai.ca.gov/hpsa-search

4. What demonstrates fiscal soundness?

In order for a health facility to demonstrate fiscal soundness, the health facility must have at least a 1.0x proforma debt service coverage ratio utilizing the most recent fiscal year audited financial statements. CHFFA conducts a financial analysis of the health facility's financial position based on the three most recent fiscal years' audited financial statements, and utilizes the services of its Financial Analyst, TAP International (CPA accounting firm), to assist in the final determination of fiscal soundness/credit worthiness.

5. Is there a minimum loan amount?

There is no minimum loan amount.

6. What is considered evidence of an impact from COVID-19?

The evidence of an impact from COVID-19 may vary for each borrower. Please contact CHFFA to discuss potential evidence of proof of a COVID-19 impact.

7. Are there any fees associated with the COVID-19 Emergency HELP Loan Program?

There is a 1% loan closing fee to help defray costs associated with administering the program. With a maximum loan amount of $250,000, the maximum loan closing fee would be $2,500. This fee may be deducted from the loan amount at closing.

There is NO application fee, and there are NO prepayment penalties.

8. Does a COVID-19 Emergency HELP loan require a down payment or borrower contribution?

No, there are no down payments or borrower contributions required.

9. What can loan proceeds be used for?

Loan proceeds may only be used to address the impact of the COVID-19 pandemic for construction, remodeling, renovation, improvements, equipment, furnishings, and working capital. Construction, remodeling, renovation, and improvement projects must show readiness to begin projects within 30 days after loan approval. If proceeds will be used to reimburse prior COVID-19 related expenditures, then the list of items to be funded with the loan can serve as the evidence of the impact. Examples of types of proof include: personal protective equipment invoices/receipts, construction receipts with some evidence to show the space constructed was for either surge capacity or to move individuals out of a facility into the new one to prepare for surge capacity or to address patients with COVID-19 or symptoms of COVID-19, proof of a revenue decrease due to a reduction in elective procedures, or increase in expenses for COVID-19 related items that caused a strain on cash with estimates of for what the loan proceeds would be used.

Loan proceeds cannot be used to fund start-up projects or to refinance an existing loan or other debt.

10. What are the terms of a COVID-19 Emergency HELP loan, and what, if any, collateral is required?

Loan terms vary depending on the type of loan. Please see the table below for specific loan terms and collateral for each type of loan.

	Working Capital	Equipment & Furnishings	Construction, Remodeling, Renovation, & Improvements
Interest Rate	0%	0%	0%
Maximum Loan Amount	$250,000	$250,000	$250,000
Amortization	Up to 15 months	Up to 5 years	Up to 20 years
Loan Security	Gross revenue	Gross revenue & lien on equipment/furnishings	Gross revenue & lien on real property

11. How long does it take to be approved and to receive funding?

As CHFFA's board has already approved the program and delegated authority to the Executive Director and Deputy Executive Director to approve loan applications, the loan approval and closing process is expected to be completed more quickly than CHFFA's HELP II Loan Program. While the length of time for approval will depend on the completeness and quantity of applications received, CHFFA anticipates being able to approve an application and disburse funds within a month.

12. When is the deadline for submitting an application?

Applications are continuously accepted and will be reviewed on a first-come, first-served basis. Applications will be accepted through the end of Governor Newsom's State of Emergency in direct response to the COVID-19 pandemic, or until all available funding for the Program is exhausted, whichever comes first.