

**CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY
STAFF SUMMARY AND RECOMMENDATION
Sequoia Community Health Foundation**

Amended Resolution Number HII-203

April 24, 2008

APPROVED HELP II LOAN AMOUNT: \$430,000

PURPOSE OF AMENDMENT:

This amendment will resolve a discrepancy in the loan subordination condition listed in the previously approved resolution for the Sequoia Community Health Foundation (SCHF) approved August 30, 2007.

BACKGROUND:

At the August 30, 2007 meeting, the Authority approved Resolution No. HII-203 for a HELP II loan in the amount of \$430,000. Loan proceeds were approved (along with funding from the CHFFA Community Clinic Grant Program and other sources) to construct a 6,725 square foot dental facility , which will serve an additional 4,800 patients in the community of Southwest Fresno.

One of the approved conditions of the loan was previously specified as:

“8. Subordination agreement for 1993 Deed of Trust on property located at 1350 South Orange Avenue, Fresno, CA, insured by Cal-Mortgage.”

Once revised, the condition should read:

“8. Subordination agreement for the **1993 and 2000 Deeds of Trust** on property located at 1350 South Orange Avenue, Fresno, CA insured by Cal-Mortgage.”

ISSUE:

The Staff Report analysis and calculations presented to the Authority at the August 2007 meeting were originally based on the subordination of the 2000 Deed of Trust, which would have given CHFFA a 2nd lien position with a estimated 80% loan to value ratio. However, for the best interests of all parties, Cal-Mortgage intends to subordinate both the 1993 and 2000 deeds of trust, resulting in CHFFA having a 1st lien position with an estimated 40% loan to value. The revision to the subordination condition will now correctly reflect the both deeds of trust and will also correctly reflect CHFFA’s lien position as first rather than second.

RECOMMENDATION:

Staff recommends the Authority approve an amendment to Resolution No. HII-203 that revises the loan subordination condition to reflect both the 1993 and 2000 Deeds of Trust on the SCHF property located at 1350 South Orange Avenue, Fresno, CA.