

California Health Facilities Financing Authority Nondesignated Public Hospital Bridge Loan Program II

Frequently Asked Questions Revised: September 2022

General Information

What is the Nondesignated Public Hospital Bridge Loan Program II?

The Nondesignated Public Hospital Bridge Loan Program II (Program) is designed to give eligible nondesignated public hospitals (NDPH) immediate funds to meet their operating needs. With the switch in how NDPHs receive their funding from the Public Hospital Redesign & Incentives in Medi-Cal Program (PRIME) to the Quality Incentive Program (QIP), NDPHs would potentially see up to a two-year delay in funding that they counted on to operate. This program is aimed to offset those delays and allow an NDPH to operate as usual. More information about the program can be found [here](#).

Is my hospital eligible to receive funds for this program? If so, how much can we apply for?

The full list of eligible hospitals and the guaranteed and maximum loan amounts for the first round of funding can be found on page two of the Program [guidelines](#).

Applying for a Loan/Deadlines

How do I apply for a loan or get more information about the Program?

The Program application is currently posted on CHFFA's website and can be found [here](#). For more information, you may contact staff at (916) 653-2799 or email chffa@treasurer.ca.gov.

Which application page(s) does our organization need to submit on a signed letterhead?

An organization must submit a signed page on the organization's letterhead for the Application Agreement page **ONLY IF** they apply through our third-party website. It is not needed if the organization is filling out the PDF version. The Application Agreement is the very last item in the online application.

When are the deadlines to submit applications?

The deadline for the first and second funding rounds are October 14, 2022, and March 31, 2023, respectively.

How long will the money be available for disbursement?

All loans for this program must be disbursed by June 30, 2025.

Timing/Processes

How long does it take CHFFA to approve a loan after our application and supporting documentation are submitted?

Applications will be reviewed within 30 calendar days after the deadline of each funding round, and if approved, funds may be made available within 30-45 days pending receipt of all required supporting documentation (i.e., borrower's resolution, loan and security agreement, promissory note, etc.).

Does CHFFA need to hold a board meeting of its own to approve each loan?

No. CHFFA's governing board has delegated to the Executive Director and Deputy Executive Director the authority to approve each loan. Therefore, loans have the possibility of being approved in a shorter timeframe than if each loan had to be approved by CHFFA's governing board at a public meeting..

What is the entire process, from start to finish, to receive a loan?

First, if a borrower is one of the 33 hospitals predetermined to be eligible for the Program, it must submit the application for loan financing that can be found on CHFFA's website. Then, CHFFA staff will review the submitted application. If approved, CHFFA will put together and send a template of the Borrower's Resolution, Fi\$Cal Form, and a loan document package for the borrower to complete and sign. After a borrower returns these items, CHFFA can disburse funds to the borrower.

How long does it take to close a loan?

Loans are estimated to be closed within 30-45 days of CHFFA approval. In order to expedite the closing process, CHFFA recommends that borrowers review and sign CHFFA-generated loan documents as soon as possible.

How long will it take to get a check?

It can take up to two to three weeks from the receipt of the executed loan documents.

Loan Uses & Terms

For what purposes can funds be used for?

Program funds may **ONLY** be used for working capital purposes.

What are the loan terms?

Loan terms for all borrowers will be 0% interest, 24-month maturity, and no prepayment penalty, and the loan can be paid back in one balloon payment at the end of the 24 months.

Is there a loan fee?

There is a one-time closing administration fee, which is taken from the initial loan proceeds and is 1% of the loan amount. For example, a \$1,000,000 loan will incur a \$10,000 fee, and the borrower will receive \$990,000 at closing. However, the borrower will be required to repay the full loan amount of \$1,000,000 at the end of the loan's 24-month term.

What type of security is required for the loan?

CHFFA will require an approved borrower to sign a Medi-Cal intercept agreement, which will allow CHFFA to receive up to 20% of the borrower's Medi-Cal checkwrite payments in the event of default until the amount of the loan is paid in full.

After Loan Approval/Documents**What is the procedure for signing loan documents?**

Once a loan is approved, a loan and security agreement, a promissory note, and a copy of a template borrower's resolution (to be signed by a borrower's governing board) will be provided to the borrower. Upon the borrower's execution of these documents and receipt by CHFFA, the closing process is initiated.

Do the NDPHs' governing boards have to approve the financings?

Yes. A borrower's resolution must be approved by the NDPH's governing board and submitted with the loan documents. A template borrower's resolution can be sent out to the applicant before approval of the loan if needed.