

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

## Frequently Asked Questions

Revised: November 2021

### General Information

#### **What is the Nondesignated Public Hospital Bridge Loan Program?**

The Nondesignated Public Hospital Bridge Loan Program (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 Pool (QIP), NDPHs will 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 at the Program's [webpage](#).

#### **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 maximum loan amounts for the first round of funding can be found on pages two to three 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 our website and can be found at the Program's [webpage](#). For more information, you may contact staff at (916) 653-2799 or email [chffa@treasurer.ca.gov](mailto: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 Certification page **ONLY IF** they apply through our third-party website (not needed if the organization is filling out the PDF version). The Application Certification 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 December 1, 2021, and February 1, 2022, respectively.

#### **How long will the money be available for disbursement?**

All loans for this program must be approved by June 30, 2022, and loans must be closed and disbursed by June 30, 2024.

### Timing/Processes

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

Applications will be reviewed immediately, 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 to approve each loan?**

No. CHFFA's Executive Director and Deputy Executive Director have delegated authority to approve each loan without it having to be heard at a board meeting. Therefore, loans have the likelihood of being approved in a shorter timeframe.

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

A borrower must first submit an application for loan financing, which can be found on the Authority's website. Then, CHFFA will review the submitted application. If approved, CHFFA will send a loan document package for the borrower to sign. After a borrower returns the completed loan document package, CHFFA will disburse funds to the borrower.

### **How long does it take to close a loan?**

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

### **How long will it take to get a check?**

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

## **Loan Uses & Terms**

### **For what purposes can funds be used?**

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, 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 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 \$1,000,000 at the end of the 24-month period.

### **What type of security is required for the loan?**

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

## **After Loan Approval/Documents**

### **Can a borrower apply for multiple loans or exceed the maximum amount shown in the first funding round's table?**

Yes. After the first funding round, if funds remain unallocated, a borrower may apply for an additional loan. If a borrower has already received the maximum funding allowed under the first funding round, additional funding may be requested up to 150% of their first funding round loan maximum and as a proportionate percentage of the first funding round funds distributed. For more information on loan maximums, please view the "**Maximum Loan Amounts**" section found on pages two to three of the Program [guidelines](#).

**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 board) will be provided to the borrower. Upon the borrower's execution of these documents and receipt by CHFFA, the closing process is initiated.

**Does the NDPH board have to approve the financings?**

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