

91469 Applications, Procedures and Approvals

(a)

The applicant shall complete and submit an application to the Office.

(b)

Applications shall be processed by the Office in three stages as follows: (1) The initial stage material shall be submitted by the applicant to determine eligibility of the proposed projects as follows: (A) Office Form No. OSH-FD-136 showing project costs and health facility category. (B) Office Form No. OSH-FD-137 showing financial assets of applicants. (C) Office Form No. OSH-FD-135 showing the applicant's interest in the site. (D) A brief narrative outlining the scope of the project and services to be rendered upon completion of the project. (E) Drawings, small scale or schematics which include a minimum of the following: 1. Map of community showing location of site. 2. Plot plan showing property lines and existing and proposed new structures positioned on the site. 3. Floor plans of new and remodeled structures. 4. Brief construction materials outline specification. (2) If the initial stage material shows that the proposed project is preliminarily eligible for loan insurance, the Office shall notify the applicant that the initial stage material submitted is sufficient. (3) The second stage material shall be submitted by the applicant subsequent to the Office's notification as to preliminary eligibility. The applicant may submit the second stage material with the initial stage material. The second stage materials shall be processed as

follows: (A) A standard comprehensive health facility feasibility study shall be submitted containing at least the following:

1. Detailed program narrative describing the need for the health services to be provided, scope of such service, existing services, educational or research programs, individual departmental functions, staffing requirements, working relations and coordinating services with other facilities in the community.
2. Detailed financial statements showing audited annual balance sheet, income and expenses, source and application of funds for preceding three years, and income and expense budget projected for succeeding five years. New facilities need only submit the projected budget. Depreciation schedule shall be included.
3. An opinion of legal counsel regarding the nonprofit status of the applicant and the corporate relationships involving the applicant.
4. Completed Office Form No. OSH-FD-133 showing corporate relationships and nonprofit status.
5. List of consultants preparing feasibility study.

(B) Following the analysis of initial and second stage materials by the Office and their approval thereof, the initial and second stage materials will be formally presented to the Advisory Loan Committee for its recommendation regarding the applicant's financial capability to service the loan.

(C) Upon review of the initial and second stage materials by the Advisory Loan Committee and receipt of their written recommendation regarding the application, the materials shall be reviewed by the Advisory Health Council upon receipt in writing of a letter from the Office informing it that an application for loan insurance is ready for closing (the third stage). Upon receipt of such letter the Council shall give notice to the applicant in writing of the date, place and time of a hearing on the application.

1. The Council shall, after public review, advise the Director on insuring the loan.

(D) The application shall then be reviewed by the Office.

(E) Upon the Office's review of the initial and second stage materials and approval thereof, it may:

1. Issue a

preliminary conditional commitment letter for insurance valid for a term not to exceed 12 months and renewable for a term not to exceed 12 months where the Office has determined that project need exists, that the project is eligible for loan insurance and that the project is financially feasible. A commitment shall not be renewed more than once. Renewals may be issued only upon request in writing by the applicant and only upon a showing of good cause as determined by the Office. Expiration of the term of the commitment, applicant's Certificate of Exemption or Certificate of Need shall void the application and the commitment. (F) The preliminary conditional commitment letter shall contain at least the following information: 1. Type, term and amount of loan for which the commitment was issued. 2. Term of the commitment. 3. Date as of which need for the project was established. 4. Timetable for completion of the project. (G) The decision to grant the loan insurance is within the discretion of the Director. Showing need for the project or meeting the eligibility requirements for loan insurance or establishing financial feasibility of the project does not create any entitlement to loan insurance. (4) The final stage of the application consists of preparing and scheduling the loan closing. The applicant shall submit to the Office for review two loan closing document packages containing completed copies of all state forms and legal documents necessary to effect the closing of the loan. No later than one week prior to date of loan closing, the applicant shall submit to the Office two copies of the loan closing document package as revised.

(1)

The initial stage material shall be submitted by the applicant to determine eligibility of the proposed projects as follows: (A) Office Form No. OSH-FD-136 showing project costs and health facility category. (B) Office Form No. OSH-FD-137 showing financial assets of applicants. (C) Office Form No. OSH-FD-135 showing the applicant's interest

in the site. (D) A brief narrative outlining the scope of the project and services to be rendered upon completion of the project. (E) Drawings, small scale or schematics which include a minimum of the following: 1. Map of community showing location of site. 2. Plot plan showing property lines and existing and proposed new structures positioned on the site. 3. Floor plans of new and remodeled structures. 4. Brief construction materials outline specification.

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Office Form No. OSH-FD-136 showing project costs and health facility category.

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Office Form No. OSH-FD-137 showing financial assets of applicants.

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Map of community showing location of site.

2.

Plot plan showing property lines and existing and proposed new structures positioned on the site.

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Floor plans of new and remodeled structures.

4.

Brief construction materials outline specification.

(2)

If the initial stage material shows that the proposed project is preliminarily eligible for loan insurance, the Office shall notify the applicant that the initial stage material submitted is sufficient.

(3)

The second stage material shall be submitted by the applicant subsequent to the Office's notification as to preliminary eligibility. The applicant may submit the second stage material with the initial stage material. The second stage materials shall be processed as follows: (A) A standard comprehensive health facility feasibility study shall be submitted containing at least the following: 1. Detailed program narrative describing the need for the health services to be provided, scope of such service, existing services, educational or research programs, individual departmental functions, staffing requirements, working relations and coordinating services with other facilities in the community. 2. Detailed financial statements showing audited annual balance sheet, income and expenses, source and application of funds for preceding three years, and income and expense budget projected for succeeding five years. New facilities need only submit the projected budget. Depreciation schedule shall be included. 3. An opinion of legal counsel regarding the nonprofit status of the applicant and the corporate relationships involving the applicant. 4. Completed Office Form No. OSH-FD-133 showing corporate relationships and nonprofit status. 5. List of consultants preparing feasibility study. (B) Following the analysis of initial and second stage materials by the Office and their approval thereof, the initial and second stage materials will be formally presented to the Advisory Loan Committee for its recommendation regarding the applicant's financial capability to service the loan. (C)

Upon review of the initial and second stage materials by the Advisory Loan Committee and receipt of their written recommendation regarding the application, the materials shall be reviewed by the Advisory Health Council upon receipt in writing of a letter from the Office informing it that an application for loan insurance is ready for closing (the third stage). Upon receipt of such letter the Council shall give notice to the applicant in writing of the date, place and time of a hearing on the application.¹ The Council shall, after public review, advise the Director on insuring the loan. (D) The application shall then be reviewed by the Office. (E) Upon the Office's review of the initial and second stage materials and approval thereof, it may: 1. Issue a preliminary conditional commitment letter for insurance valid for a term not to exceed 12 months and renewable for a term not to exceed 12 months where the Office has determined that project need exists, that the project is eligible for loan insurance and that the project is financially feasible. A commitment shall not be renewed more than once. Renewals may be issued only upon request in writing by the applicant and only upon a showing of good cause as determined by the Office. Expiration of the term of the commitment, applicant's Certificate of Exemption or Certificate of Need shall void the application and the commitment. (F) The preliminary conditional commitment letter shall contain at least the following information: 1. Type, term and amount of loan for which the commitment was issued. 2. Term of the commitment. 3. Date as of which need for the project was established. 4. Timetable for completion of the project. (G) The decision to grant the loan insurance is within the discretion of the Director. Showing need for the project or meeting the eligibility requirements for loan insurance or establishing financial feasibility of the project does not create any entitlement to loan insurance.

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Detailed program narrative describing the need for the health services to be provided, scope of such service, existing services, educational or research programs, individual departmental functions, staffing requirements, working relations and coordinating services with other facilities in the community.

2.

Detailed financial statements showing audited annual balance sheet, income and expenses, source and application of funds for preceding three years, and income and expense budget projected for succeeding five years. New facilities need only submit the projected budget. Depreciation schedule shall be included.

3.

An opinion of legal counsel regarding the nonprofit status of the applicant and the corporate relationships involving the applicant.

4.

Completed Office Form No. OSH-FD-133 showing corporate relationships and nonprofit status.

5.

List of consultants preparing feasibility study.

(B)

Following the analysis of initial and second stage materials by the Office and their approval thereof, the initial and second stage materials will be formally presented to the Advisory Loan Committee for its recommendation regarding the applicant's financial capability to service the loan.

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Upon review of the initial and second stage materials by the Advisory Loan Committee and receipt of their written recommendation regarding the application, the materials shall be reviewed by the Advisory Health Council upon receipt in writing of a letter from the Office informing it that an application for loan insurance is ready for closing (the third stage). Upon receipt of such letter the Council shall give notice to the applicant in writing of the date, place and time of a hearing on the application.1. The Council shall, after public review, advise the Director on insuring the loan.

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(F)

The preliminary conditional commitment letter shall contain at least the following information: 1. Type, term and amount of loan for which the commitment was issued. 2. Term of the commitment. 3. Date as of which need for the project was established. 4. Timetable for completion of the project.

1.

Type, term and amount of loan for which the commitment was issued.

2.

Term of the commitment.

3.

Date as of which need for the project was established.

4.

Timetable for completion of the project.

(G)

The decision to grant the loan insurance is within the discretion of the Director. Showing need for the project or meeting the eligibility requirements for loan insurance or establishing

financial feasibility of the project does not create any entitlement to loan insurance.

(4)

The final stage of the application consists of preparing and scheduling the loan closing. The applicant shall submit to the Office for review two loan closing document packages containing completed copies of all state forms and legal documents necessary to effect the closing of the loan. No later than one week prior to date of loan closing, the applicant shall submit to the Office two copies of the loan closing document package as revised.

(c)

Before closing of the loan, the borrower shall have obtained such architectural, engineering, geologic, licensing and environmental approvals as may be required for the specific type of health facility covered by the project.

(d)

The health facility shall be designed, the plans and specifications shall be reviewed and the work shall be constructed in accordance with all applicable laws and regulations.

(e)

Prior to the closing of the loan, the borrower shall submit evidence that the following insurance coverage is in effect for work in progress or work to be performed or a commitment to provide such before construction begins: (1) Statutory worker's compensation and employer's liability. (2) Bodily injury and property damage liability. (3) Fire and extended coverage for all work performed under contract and other improvements on the site against loss or damage to the extent of replacement value covered by the standard extended coverage insurance endorsement. The policies shall include a standard mortgage clause making loss payable to the mortgagee and the State of California as their

interests may appear. (4) The contractor performing the work shall provide both performance and payment bonds in the amount of 100 percent of the total sum of the contract. A combined performance and payment bond may be provided.

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(4)

The contractor performing the work shall provide both performance and payment bonds in the amount of 100 percent of the total sum of the contract. A combined performance and payment bond may be provided.

(f)

Prior to closing the architect shall have submitted preliminary plans for the entire project.

(g)

Prior to closing the borrower shall have a fixed limit of construction cost for the entire project, based on an outline of the scope of the project or approved plans and specifications, or; a contract to complete a project with a guaranteed maximum price, which fully indicates the entire scope of the project.

(h)

No construction will be commenced on any increment of a project until at least that increment of the project has received final approval of the plans and specifications by the Office.