

AMENDED IN ASSEMBLY MARCH 28, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2104

Introduced by Assembly Member Dababneh

February 17, 2016

An act to amend Section 15432 of the Government Code, and to amend Sections 129005, 129010, 129020, 129090, and 129173 of the Health and Safety Code, relating to health facilities, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 2104, as amended, Dababneh. California Health Facilities Financing Authority Act: California Health Facility Construction Loan Insurance Law.

The California Health Facilities Financing Authority Act authorizes the California Health Facilities Financing Authority to, among other things, make loans from the continuously appropriated California Health Facilities Financing Authority Fund to participating health institutions, as defined, for financing or refinancing the acquisition, construction, or remodeling of health facilities.

This bill would expand the program to include ~~for-profit corporations or associations~~ *skilled nursing facilities* when at least 60% of their patients are Medi-Cal beneficiaries by adding those entities to the definition of “participating health institutions.” Because this bill would expand the purposes for which a continuously appropriated fund may be used, it would make an appropriation.

Existing law establishes the California Health Facility Construction Loan Insurance Law to provide, without cost to the state, an insurance program for health facility construction, improvement, and expansion loans in order to stimulate the flow of private capital into health facilities construction, improvement, and expansion and in order to rationally meet the need for new, expanded, and modernized public and nonprofit health facilities necessary to protect the health of all the people of this state. Existing law establishes the Health Facility Construction Loan Insurance Fund in the State Treasury, to be continuously appropriated to carry out the provisions and administrative costs of the insurance program. Under existing law, political subdivisions, as defined, and nonprofit corporations are authorized to apply for state insurance of needed construction, improvement, or expansion loans for construction, remodeling, or acquisition of health facilities, as provided, and applicants are required to pay an application fee not to exceed \$500, which is deposited into the fund.

This bill would expand the program to include for-profit corporations *that operate skilled nursing facilities* when at least 60% of their patients are Medi-Cal beneficiaries by, among other things, adding those entities to the definition of “health facilities” and making those entities eligible to apply for the insurance program. Because this bill would add a new source of revenue and expand the purposes for which a continuously appropriated fund may be used, it would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 15432 of the Government Code is
- 2 amended to read:
- 3 15432. As used in this part, the following words and terms
- 4 shall have the following meanings, unless the context clearly
- 5 indicates or requires another or different meaning or intent:
- 6 (a) “Act” means the California Health Facilities Financing
- 7 Authority Act.
- 8 (b) “Authority” means the California Health Facilities Financing
- 9 Authority created by this part or any board, body, commission,
- 10 department, or officer succeeding to the principal functions thereof
- 11 or to which the powers conferred upon the authority by this part
- 12 shall be given by law.

1 (c) “Cost,” as applied to a project or portion of a project financed
2 under this part, means and includes all or any part of the cost of
3 construction and acquisition of all lands, structures, real or personal
4 property, rights, rights-of-way, franchises, easements, and interests
5 acquired or used for a project, the cost of demolishing or removing
6 any buildings or structures on land so acquired, including the cost
7 of acquiring any lands to which those buildings or structures may
8 be moved, the cost of all machinery and equipment, financing
9 charges, interest prior to, during, and for a period not to exceed
10 the later of one year or one year following completion of
11 construction, as determined by the authority, the cost of insurance
12 during construction, the cost of funding or financing noncapital
13 expenses, reserves for principal and interest and for extensions,
14 enlargements, additions, replacements, renovations and
15 improvements, the cost of engineering, service contracts,
16 reasonable financial and legal services, plans, specifications,
17 studies, surveys, estimates, administrative expenses, and other
18 expenses of funding or financing, that are necessary or incident to
19 determining the feasibility of constructing any project, or that are
20 incident to the construction, acquisition, or financing of any project.

21 (d) “Health facility” means a facility, place, or building that is
22 licensed, accredited, or certified and organized, maintained, and
23 operated for the diagnosis, care, prevention, and treatment of
24 human illness, or physical, mental, or developmental disability,
25 including convalescence and rehabilitation and including care
26 during and after pregnancy, or for any one or more of these
27 purposes, for one or more persons, and includes, but is not limited
28 to, all of the following types:

29 (1) A general acute care hospital that is a health facility having
30 a duly constituted governing body with overall administrative and
31 professional responsibility and an organized medical staff that
32 provides 24-hour inpatient care, including the following basic
33 services: medical, nursing, surgical, anesthesia, laboratory,
34 radiology, pharmacy, and dietary services.

35 (2) An acute psychiatric hospital that is a health facility having
36 a duly constituted governing body with overall administrative and
37 professional responsibility and an organized medical staff that
38 provides 24-hour inpatient care for mentally disordered,
39 incompetent, or other patients referred to in Division 5
40 (commencing with Section 5000) or Division 6 (commencing with

1 Section 6000) of the Welfare and Institutions Code, including the
2 following basic services: medical, nursing, rehabilitative,
3 pharmacy, and dietary services.

4 (3) A skilled nursing facility that is a health facility that provides
5 the following basic services: skilled nursing care and supportive
6 care to patients whose primary need is for availability or skilled
7 nursing care on an extended basis.

8 (4) An intermediate care facility that is a health facility that
9 provides the following basic services: inpatient care to ambulatory
10 or semiambulatory patients who have recurring need for skilled
11 nursing supervision and need supportive care, but who do not
12 require availability or continuous skilled nursing care.

13 (5) A special health care facility that is a health facility having
14 a duly constituted governing body with overall administrative and
15 professional responsibility and an organized medical or dental staff
16 that provides inpatient or outpatient, acute or nonacute care,
17 including, but not limited to, medical, nursing, rehabilitation,
18 dental, or maternity.

19 (6) A clinic that is operated by a tax-exempt nonprofit
20 corporation that is licensed pursuant to Section 1204 or 1204.1 of
21 the Health and Safety Code or a clinic exempt from licensure
22 pursuant to subdivision (b) or (c) of Section 1206 of the Health
23 and Safety Code.

24 (7) An adult day health center that is a facility, as defined under
25 subdivision (b) of Section 1570.7 of the Health and Safety Code,
26 that provides adult day health care, as defined under subdivision
27 (a) of Section 1570.7 of the Health and Safety Code.

28 (8) A facility owned or operated by a local jurisdiction for the
29 provision of county health services.

30 (9) A multilevel facility is an institutional arrangement where
31 a residential facility for the elderly is operated as a part of, or in
32 conjunction with, an intermediate care facility, a skilled nursing
33 facility, or a general acute care hospital. "Elderly," for the purposes
34 of this paragraph, means a person 62 years of age or older.

35 (10) A child day care facility operated in conjunction with a
36 health facility. A child day care facility is a facility, as defined in
37 Section 1596.750 of the Health and Safety Code. For purposes of
38 this paragraph, "child" means a minor from birth to 18 years of
39 age.

1 (11) An intermediate care facility/developmentally disabled
2 habilitative that is a health facility, as defined under subdivision
3 (e) of Section 1250 of the Health and Safety Code.

4 (12) An intermediate care facility/developmentally
5 disabled-nursing that is a health facility, as defined under
6 subdivision (h) of Section 1250 of the Health and Safety Code.

7 (13) A community care facility that is a facility, as defined under
8 subdivision (a) of Section 1502 of the Health and Safety Code,
9 that provides care, habilitation, rehabilitation, or treatment services
10 to developmentally disabled or mentally impaired persons.

11 (14) A nonprofit community care facility, as defined in
12 subdivision (a) of Section 1502 of the Health and Safety Code,
13 other than a facility that, as defined in that subdivision, is a
14 residential facility for the elderly, a foster family agency, a foster
15 family home, a full service adoption agency, or a noncustodial
16 adoption agency.

17 (15) A nonprofit accredited community work activity program,
18 as specified in subdivision (e) of Section 4851 and Section 4856
19 of the Welfare and Institutions Code.

20 (16) A community mental health center, as defined in paragraph
21 (3) of subdivision (b) of Section 5667 of the Welfare and
22 Institutions Code.

23 (17) A nonprofit speech and hearing center, as defined in Section
24 1201.5 of the Health and Safety Code.

25 (18) A blood bank, as defined in Section 1600.2 of the Health
26 and Safety Code, licensed pursuant to Section 1602.5 of the Health
27 and Safety Code, and exempt from federal income taxation
28 pursuant to Section 501(c)(3) of the Internal Revenue Code.

29 (19) A residential facility for persons with developmental
30 disabilities, as defined in Sections 4688.5 and 4688.6 of the
31 Welfare and Institutions Code, which includes, but is not limited
32 to, a community care facility licensed pursuant to Section 1502 of
33 the Health and Safety Code and a family teaching home as defined
34 in Section 4689.1 of the Welfare and Institutions Code.

35 (20) A nonpublic school that provides educational services in
36 conjunction with a health facility, as defined in paragraphs (1) to
37 (19), inclusive, that otherwise qualifies for financing pursuant to
38 this part, if the nonpublic school is certified pursuant to Sections
39 56366 and 56366.1 of the Education Code as meeting standards
40 relating to the required special education and specified related

1 services and facilities for individuals with physical, mental, or
2 developmental disabilities.

3 “Health facility” includes a clinic that is described in subdivision
4 (l) of Section 1206 of the Health and Safety Code.

5 “Health facility” includes information systems equipment and
6 the following facilities, if the equipment and facility is operated
7 in conjunction with or to support the services provided in one or
8 more of the facilities specified in paragraphs (1) to (20), inclusive,
9 of this subdivision: a laboratory, laundry, a nurses or interns
10 residence, housing for staff or employees and their families or
11 patients or relatives of patients, a physicians’ facility, an
12 administration building, a research facility, a maintenance, storage,
13 or utility facility, an information systems facility, all structures or
14 facilities related to any of the foregoing facilities or required or
15 useful for the operation of a health facility and the necessary and
16 usual attendant and related facilities and equipment, and parking
17 and supportive service facilities or structures required or useful
18 for the orderly conduct of the health facility.

19 “Health facility” does not include any institution, place, or
20 building used or to be used primarily for sectarian instruction or
21 study or as a place for devotional activities or religious worship.

22 (e) “Participating health institution” means a city, city and
23 county, or county, a district hospital, or a private nonprofit
24 corporation or association, or a limited liability company whose
25 sole member is a nonprofit corporation or association authorized
26 by the laws of this state to provide or operate a health facility or
27 a nonprofit corporation that controls or manages, is controlled or
28 managed by, is under common control or management with, or is
29 affiliated with any of the foregoing, or a for-profit corporation or
30 ~~association~~ *skilled nursing facility* when at least 60 percent of its
31 patients are Medi-Cal beneficiaries, and that, pursuant to this part,
32 undertakes the financing or refinancing of the construction or
33 acquisition of a project or of working capital as provided in this
34 part. “Participating health institution” also includes, for purposes
35 of the California Health Facilities Revenue Bonds (UCSF-Stanford
36 Health Care) 1998 Series A, the Regents of the University of
37 California.

38 (f) “Project” means construction, expansion, remodeling,
39 renovation, furnishing, or equipping, or funding, financing, or
40 refinancing of a health facility or acquisition of a health facility

1 to be financed or refinanced with funds provided in whole or in
2 part pursuant to this part. “Project” may include reimbursement
3 for the costs of construction, expansion, remodeling, renovation,
4 furnishing, or equipping, or funding, financing, or refinancing of
5 a health facility or acquisition of a health facility. “Project” may
6 include any combination of one or more of the foregoing
7 undertaken jointly by any participating health institution with one
8 or more other participating health institutions.

9 (g) “Revenue bond” or “bond” means a bond, warrant, note,
10 lease, or installment sale obligation that is evidenced by a
11 certificate of participation or other evidence of indebtedness issued
12 by the authority.

13 (h) “Working capital” means moneys to be used by, or on behalf
14 of, a participating health institution to pay or prepay maintenance
15 or operation expenses or any other costs that would be treated as
16 an expense item, under generally accepted accounting principles,
17 in connection with the ownership or operation of a health facility,
18 including, but not limited to, reserves for maintenance or operation
19 expenses, interest for not to exceed one year on any loan for
20 working capital made pursuant to this part, and reserves for debt
21 service with respect to, and any costs necessary or incidental to,
22 that financing.

23 SEC. 2. Section 129005 of the Health and Safety Code is
24 amended to read:

25 129005. The purpose of this chapter is to provide, without cost
26 to the state, an insurance program for health facility construction,
27 improvement, and expansion loans in order to stimulate the flow
28 of private capital into health facilities construction, improvement,
29 and expansion and in order to rationally meet the need for new,
30 expanded, and modernized public, eligible for-profit, and nonprofit
31 health facilities necessary to protect the health of all the people of
32 this state. The provisions of this chapter are to be liberally
33 construed to achieve this purpose.

34 SEC. 3. Section 129010 of the Health and Safety Code is
35 amended to read:

36 129010. Unless the context otherwise requires, the definitions
37 in this section govern the construction of this chapter and of Section
38 32127.2.

1 (a) “Bondholder” means the legal owner of a bond or other
2 evidence of indebtedness issued by a political subdivision or a
3 nonprofit corporation.

4 (b) “Borrower” means a political subdivision or nonprofit
5 corporation that has secured or intends to secure a loan for the
6 construction of a health facility.

7 (c) “Construction, improvement, or expansion” or “construction,
8 improvement, and expansion” includes construction of new
9 buildings, expansion, modernization, renovation, remodeling and
10 alteration of existing buildings, acquisition of existing buildings
11 or health facilities, and initial or additional equipping of any of
12 these buildings.

13 In connection therewith, “construction, improvement, or
14 expansion” or “construction, improvement, and expansion”
15 includes the cost of construction or acquisition of all structures,
16 including parking facilities, real or personal property, rights,
17 rights-of-way, the cost of demolishing or removing any buildings
18 or structures on land so acquired, including the cost of acquiring
19 any land where the buildings or structures may be moved, the cost
20 of all machinery and equipment, financing charges, interest (prior
21 to, during, and for a period after completion of the construction),
22 provisions for working capital, reserves for principal and interest
23 and for extensions, enlargements, additions, replacements,
24 renovations and improvements, cost of engineering, financial and
25 legal services, plans, specifications, studies, surveys, estimates of
26 cost and of revenues, administrative expenses, expenses necessary
27 or incident to determining the feasibility or practicability of
28 constructing or incident to the construction; or the financing of the
29 construction or acquisition.

30 (d) “Committee” means the Advisory Loan Insurance
31 Committee.

32 (e) “Debenture” means any form of written evidence of
33 indebtedness issued by the State Treasurer pursuant to this chapter,
34 as authorized by Section 4 of Article XVI of the California
35 Constitution.

36 (f) “Fund” means the Health Facility Construction Loan
37 Insurance Fund.

38 (g) “Health facility” means any facility providing or designed
39 to provide services for the acute, convalescent, and chronically ill
40 and impaired, including, but not limited to, public health centers,

1 community mental health centers, facilities for the developmentally
2 disabled, nonprofit community care facilities that provide care,
3 habilitation, rehabilitation or treatment to developmentally disabled
4 persons, facilities for the treatment of chemical dependency,
5 including a community care facility, licensed pursuant to Chapter
6 3 (commencing with Section 1500) of Division 2, a clinic, as
7 defined pursuant to Chapter 1 (commencing with Section 1200)
8 of Division 2, an alcoholism recovery facility, defined pursuant
9 to former Section 11834.11, and a structure located adjacent or
10 attached to another type of health facility and that is used for
11 storage of materials used in the treatment of chemical dependency,
12 and general tuberculosis, mental, and other types of hospitals and
13 related facilities, such as laboratories, outpatient departments,
14 extended care, nurses' home and training facilities, offices and
15 central service facilities operated in connection with hospitals,
16 diagnostic or treatment centers, extended care facilities, nursing
17 homes, and rehabilitation facilities. "Health facility" also means
18 an adult day health center and a multilevel facility. Except for
19 facilities for the developmentally disabled, facilities for the
20 treatment of chemical dependency, or a multilevel facility, or as
21 otherwise provided in this subdivision, "health facility" does not
22 include any institution furnishing primarily domiciliary care.

23 "Health facility" also means accredited nonprofit work activity
24 programs as defined in subdivision (e) of Section 4851 of the
25 Welfare and Institutions Code, and nonprofit community care
26 facilities as defined in Section 1502, excluding foster family homes,
27 foster family agencies, adoption agencies, and residential care
28 facilities for the elderly.

29 Unless the context dictates otherwise, "health facility" includes
30 a political subdivision of the state or nonprofit corporation that
31 operates a facility included within the definition set forth in this
32 subdivision.

33 Unless the context dictates otherwise, "health facility" includes
34 a for-profit corporation *that operates a skilled nursing facility*
35 *when at least 60 percent of its patients are Medi-Cal beneficiaries*
36 ~~and that operates a facility included within the definition set forth~~
37 ~~in this subdivision.~~ *beneficiaries.*

38 (h) "Office" means the Office of Statewide Health Planning and
39 Development.

- 1 (i) “Lender” means the provider of a loan and its successors and
2 assigns.
- 3 (j) “Loan” means money or credit advanced for the costs of
4 construction or expansion of the health facility, and includes both
5 initial loans and loans secured upon refinancing and may include
6 both interim, or short-term loans, and long-term loans. A duly
7 authorized bond or bond issue, or an installment sale agreement,
8 may constitute a “loan.”
- 9 (k) “Maturity date” means the date that the loan indebtedness
10 would be extinguished if paid in accordance with periodic
11 payments provided for by the terms of the loan.
- 12 (l) “Mortgage” means a first mortgage on real estate. “Mortgage”
13 includes a first deed of trust.
- 14 (m) “Mortgagee” includes a lender whose loan is secured by a
15 mortgage. “Mortgagee” includes a beneficiary of a deed of trust.
- 16 (n) “Mortgagor” includes a borrower, a loan to whom is secured
17 by a mortgage, and the trustor of a deed of trust.
- 18 (o) “Nonprofit corporation” means any corporation formed
19 under or subject to the Nonprofit Public Benefit Corporation Law
20 (Part 2 (commencing with Section 5110) of Division 2 of Title 1
21 of the Corporations Code) that is organized for the purpose of
22 owning and operating a health facility and that also meets the
23 requirements of Section 501(c)(3) of the Internal Revenue Code.
- 24 (p) “Political subdivision” means any city, county, joint powers
25 entity, local hospital district, or the California Health Facilities
26 Authority.
- 27 (q) “Project property” means the real property where the health
28 facility is, or is to be, constructed, improved, or expanded, and
29 also means the health facility and the initial equipment in that
30 health facility.
- 31 (r) “Public health facility” means any health facility that is or
32 will be constructed for and operated and maintained by any city,
33 county, or local hospital district.
- 34 (s) “Adult day health center” means a facility defined under
35 subdivision (b) of Section 1570.7, that provides adult day health
36 care, as defined under subdivision (a) of Section 1570.7.
- 37 (t) “Multilevel facility” means an institutional arrangement
38 where a residential facility for the elderly is operated as a part of,
39 or in conjunction with, an intermediate care facility, a skilled
40 nursing facility, or a general acute care hospital. “Elderly,” for the

1 purposes of this subdivision, means a person 60 years of age or
2 older.

3 (u) “State plan” means the plan described in Section 129020.

4 SEC. 4. Section 129020 of the Health and Safety Code is
5 amended to read:

6 129020. (a) The office shall implement the loan insurance
7 program for the construction, improvement, and expansion of
8 public, eligible for-profit, and nonprofit corporation health facilities
9 so that, in conjunction with all other existing facilities, the
10 necessary physical facilities for furnishing adequate health facility
11 services will be available to all the people of the state.

12 (b) Every odd-numbered year the office shall develop a state
13 plan for use under this chapter. The plan shall include an overview
14 of the changes in the health care industry, an overview of the
15 financial status of the fund and the loan insurance program
16 implemented by the office, a statement of the guiding principles
17 of the loan insurance program, an evaluation of the program’s
18 success in meeting its mission as outlined in Section 129005, a
19 discussion of administrative, procedural, or statutory changes that
20 may be needed to improve management of program risks or to
21 ensure the program effectively addresses the health needs of
22 Californians, and the priority needs to be addressed by the loan
23 insurance program.

24 (c) The health facility construction loan insurance program shall
25 provide for health facility distribution throughout the state in a
26 manner that will make all types of health facility services
27 reasonably accessible to all persons in the state according to the
28 state plan.

29 SEC. 5. Section 129090 of the Health and Safety Code is
30 amended to read:

31 129090. (a) Pursuant to this chapter, political subdivisions,
32 eligible for-profit corporations, and nonprofit corporations may
33 apply for state insurance of needed construction, improvement, or
34 expansion loans for construction, remodeling, or acquisition of
35 health facilities to be or already owned, established, and operated
36 by them as provided in this chapter. Applications shall be submitted
37 to the office by the nonprofit corporation, eligible for-profit
38 corporation, or political subdivision authorized to construct and
39 operate a health facility.

1 (b) Each application shall conform to the requirements of the
 2 office, shall be submitted in the manner and form prescribed by
 3 the office, and shall be accompanied by an application fee of
 4 one-half of 1 percent of the amount of the loan applied for, but in
 5 no case shall the application fee exceed five hundred dollars (\$500).
 6 The fees shall be deposited by the office in the fund and used to
 7 defray the office’s expenditures in the administration of this
 8 chapter.

9 SEC. 6. Section 129173 of the Health and Safety Code is
 10 amended to read:

11 129173. (a) In fulfilling the purposes of this article, as set forth
 12 in Section 129005, and upon making a determination that the
 13 financial status of a borrower may jeopardize a borrower’s ability
 14 to fulfill its obligations under any insured loan transaction so as
 15 to threaten the economic interest of the office in the borrower or
 16 to jeopardize the borrower’s ability to continue to provide needed
 17 health care services in its community, including, but not limited
 18 to, a declaration of default under any contract related to the
 19 transaction, the borrower missing any payment to its lender, or the
 20 borrower’s accounts payable exceeding three months, the office
 21 may assume or direct managerial or financial control of the
 22 borrower in any or all of the following ways:

23 (1) The office may supervise and prescribe the activities of the
 24 borrower in the manner and under the terms and conditions as the
 25 office may stipulate in any contract with the borrower.

26 (2) Notwithstanding the provisions of the articles of
 27 incorporation or other documents of organization of a nonprofit
 28 corporation borrower, this control may be exercised through the
 29 removal and appointment by the office of members of the
 30 governing body of the borrower sufficient so that the new members
 31 constitute a voting majority of the governing body.

32 (3) In the event the borrower is a nonprofit corporation, an
 33 eligible for-profit corporation, or a political subdivision, the office
 34 may request the Secretary of the California Health and Human
 35 Services Agency to appoint a trustee. The trustee shall have full
 36 and complete authority of the borrower over the insured project,
 37 including all property on which the office holds a security interest.
 38 A trustee shall not be appointed unless approved by the office. A
 39 trustee appointed by the secretary pursuant to this subdivision may
 40 exercise all the powers of the officers and directors of the borrower,

1 including the filing of a petition for bankruptcy. An action at law
2 or in equity shall not be maintained by any party against the office
3 or a trustee by reason of their exercising the powers of the officers
4 and directors of a borrower pursuant to the direction of, or with
5 the approval of, the secretary.

6 (4) The office may institute any action or proceeding, or the
7 office may request the Attorney General to institute any action or
8 proceeding against any borrower, to obtain injunctive or other
9 equitable relief, including the appointment of a receiver for the
10 borrower or the borrower's assets, in the superior court in and for
11 the county in which the assets or a substantial portion of the assets
12 are located. The proceeding under this section for injunctive relief
13 shall conform with the requirements of Chapter 3 (commencing
14 with Section 525) of Title 7 of Part 2 of the Code of Civil
15 Procedure, except that the office shall not be required to allege
16 facts necessary to show lack of adequate remedy at law, or to show
17 irreparable loss or damage. Injunctive relief may compel the
18 borrower, its officers, agents, or employees to perform each and
19 every provision contained in any regulatory agreement, contract
20 of insurance, or any other loan closing document to which the
21 borrower is a party, or any obligation imposed on the borrower by
22 law, and require the carrying out of any and all covenants and
23 agreements and the fulfillment of all duties imposed on the
24 borrower by law or those documents.

25 A receiver may be appointed pursuant to Chapter 5 (commencing
26 with Section 564) of Title 7 of Part 2 of the Code of Civil
27 Procedure. In cooperation with the Attorney General, the office
28 shall develop and maintain a list of receivers who have
29 demonstrated experience both in the health care field and as a
30 receiver. Upon a proper showing, the court shall grant the relief
31 provided by law and requested by the office or the Attorney
32 General. No receiver shall be appointed unless approved by the
33 office. The office shall establish reporting requirements for
34 receivers to ensure that the office is fully apprised of all costs
35 incurred and progress made by the receiver. A receiver appointed
36 by the superior court pursuant to this subdivision and Section 564
37 of the Code of Civil Procedure may, with the approval of the court,
38 exercise all of the powers of the officers and directors of the
39 borrower, including the filing of a petition for bankruptcy. An
40 action at law or in equity shall not be maintained by any party

1 against the office, the Attorney General, or a receiver by reason
2 of their exercising the powers of the officers and directors of a
3 borrower pursuant to the order of, or with the approval of, the
4 superior court.

5 (5) The borrower shall inform the office in advance of all
6 meetings of its governing body. The borrower shall not exclude
7 the office from attending any meeting of the borrower’s governing
8 body.

9 (b) Other than the loan insured under this chapter, the office
10 shall not be liable for any debt of a borrower, or to a borrower, as
11 a result of the office asserting its legal remedies against a borrower
12 insured under this chapter.

13 (c) It is the intent of the Legislature that this section is remedial
14 in nature, and is applicable retroactively to any health facility
15 construction loans in existence at the time of its enactment, to the
16 extent that the application of this section does not unlawfully impair
17 existing contract rights.