

# Statute, Regulations, Handbook

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# Statutory Provisions

- FHA and National Housing Act created in 1934
- Section 242 of National Housing Act, enacted in 1968
  - ❖ Definition of “Hospital”
  - ❖ Section 110 of HUD Act of 1970 (allowed for-profit entities to be eligible for Section 242 insurance in addition to non-profit and public entities)
  - ❖ Section 315 of the Housing & Community Development Amendments of 1979 added (5) to 242(d) (prohibits the use of Ginnie Mae securities with tax-exempt bonds)
  - ❖ Hospital Mortgage Insurance Act of 2003 (exemption of critical access hospitals from patient day rule)
    - Definition of “Critical Access Hospital”
  - ❖ Rural Health Care Capital Access Act of 2006 (extension of critical access hospital exemption until July 31, 2011)

# Statutory Provisions

- Section 241 of the National Housing Act
  - ❖ Statutory authority to insure a secondary lien
  - ❖ Purchase equipment
  - ❖ Construct additions
  - ❖ Modernize facility

# Statutory Provisions

- **Section 223 of the National Housing Act**
  - ❖ **Section 223 (a)(7): allows an existing 242-insured hospital to refinance with certain statutory limitations**
  - ❖ **Section 223(d): 2 year operating loss loan – not used in the Section 242 program as a matter of policy**
  - ❖ **Section 223(e): insure a hospital in an older, declining urban area; Special Risk Insurance Fund not General Insurance Fund**
  - ❖ **Section 223(f): refinancing for a non-insured hospital-not used in Section 242 program as a matter of policy (also there are no implementing regulations to allow this under Section 242)**

# Statutory Provisions

- Section 212 of the National Housing Act: labor standards (Chris Hartenau, Jade Banks)
- Section 227 of the National Housing Act: Cost Certification - not expressly applicable to 242, but cost certification applies to 242 program and is handled differently than other National Housing Act programs (will be set forth in new handbook)

# Difference Between Section 232 and Section 242

- 232 is a mortgage insurance program for:
  - ❖ Nursing Homes
  - ❖ Assisted Living Facilities
  - ❖ Board and Care Homes
  - ❖ Intermediate Care Facilities
- 232 cannot insure a hospital, clinic, diagnostic and treatment facility, halfway house, group practice facility
- 232 is processed under the MAP Guide and in the field office
- 242 is a centralized program at HQ (with assistance from HHS) and is processed more traditionally

# Regulations

- Title 24 CFR, Part 242
  - ❖ Deleted many pre-streamlined regulations
- Title 24 CFR, Part 200
  - ❖ Eligibility requirements for 242
- Pre-streamlined 242 regulations (prior to April 1996)
  - ❖ Set forth in detail 242 policies and procedures

# Proposed Regulations

- Drafted to encompass many regulations that were “streamlined” out in 1996
- Sets forth new policy and procedures
- Published in the Federal Register (70 FR 1750) (January 10, 2005)
- Waiting for OMB approval before final publication

# Handbooks

- 4615.1 & .2: Section 242 handbooks
  - ❖ new handbook is currently being drafted
  - ❖ new handbook will reflect new 242 regulations
- 4585.1: Section 241 handbook
- Applicant Guide
  - ❖ application process
  - ❖ loan processing

# Interagency Agreement

- Interagency Agreement with HHS (IAA)
  - ❖ History of relationship
  - ❖ Highlights, e.g. agency relationship

# Delegations of Authority

- Delegations of authority for 242 program
  - ❖ **FHA Commissioner**
  - ❖ **Director of Office of Insured Healthcare Facilities**
  - ❖ **71 FR 197 (October 12, 2006)**

# QUESTIONS?

Please write them down for the  
upcoming Q&A Session!

