

107TH CONGRESS
1ST SESSION

H. R. 2395

To provide grants for FHA-insured hospitals.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2001

Mr. LAFALCE introduced the following bill; which was referred to the
Committee on Financial Services

A BILL

To provide grants for FHA-insured hospitals.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “FHA-Insured Hospital
5 Conversion and Reinvestment Act”.

6 **SEC. 3. GRANTS FOR FHA-INSURED HOSPITALS.**

7 Section 242 of the National Housing Act (12 U.S.C.
8 1715z-7) is amended by adding at the end the following
9 new subsection:

10 “(i) GRANTS FOR FHA-INSURED HOSPITALS.—

11 “(1) AUTHORITY AND USE.—To the extent
12 amounts for use under this subsection are made

1 available pursuant to sections 205(i) and 519(g), the
2 Secretary may make grants to eligible FHA-insured
3 hospitals for use only for purposes that the Sec-
4 retary determines will reduce the risk of default and
5 loss on mortgages for such hospitals that are insured
6 under this section, which shall include—

7 “(A) carrying out activities to convert ex-
8 cess capacity of the eligible FHA-insured hos-
9 pital to facilities providing health care and sup-
10 portive housing for elderly persons and families,
11 including assisted living facilities, nursing
12 homes, and supportive housing for the elderly;
13 and

14 “(B) assisting in paying debt service for
15 the eligible FHA-insured hospital, including
16 service on debt insured under this section.

17 “(2) ELIGIBLE FHA-INSURED HOSPITALS.—For
18 purposes of this subsection, the term ‘eligible FHA-
19 insured hospital’ means a hospital that—

20 “(A) is subject to a mortgage that is in-
21 sured under this section;

22 “(B) would, in the determination of the
23 Secretary, after consultation with the Secretary
24 of Health and Human Services, improve its fi-
25 nancial soundness as a result of the proposed

1 activities or costs to be funded with grant
2 amounts under this subsection; and

3 “(C) has submitted an application to the
4 Secretary for a grant under this subsection in
5 accordance with such requirements as the Sec-
6 retary shall establish.

7 “(3) TREATMENT OF MORTGAGE INSURANCE.—
8 Notwithstanding any provision of this section or of
9 any contract for mortgage insurance provided pursu-
10 ant to this section, an eligible FHA-insured hospital
11 (or a portion thereof) that is subject to a mortgage
12 insured pursuant to this section may be converted
13 using grant amounts under this subsection. The Sec-
14 retary shall provide for the uninterrupted continu-
15 ation of the mortgage insurance coverage for the
16 hospital that is subject to the conversion activities
17 for the duration of the original term of the mortgage
18 insurance contract.

19 “(4) DEFINITIONS.—For the purposes of this
20 subsection:

21 “(A) ASSISTED LIVING FACILITY; NURSING
22 HOME.—The terms ‘assisted living facility’ and
23 ‘nursing home’ have the meanings given such
24 terms in section 232(b) (12 U.S.C. 1715w(b)).

1 “(B) OTHERS.—The definitions in section
2 202(k) of the Housing Act of 1959 (12 U.S.C.
3 1701q(k)) shall apply.”.

4 **SEC. 4. FUNDING OF GRANTS FROM SURPLUS AMOUNTS IN**
5 **FHA INSURANCE FUNDS.**

6 (a) GENERAL INSURANCE FUND SURPLUS.—Section
7 519 of the National Housing Act (12 U.S.C. 1735e) is
8 amended by adding at the end the following new sub-
9 section:

10 “(g) AVAILABILITY OF SURPLUS AMOUNTS FOR
11 GRANTS FOR FHA-INSURED HOSPITALS.—

12 “(1) IN GENERAL.—The amount of any nega-
13 tive credit subsidy that is determined for any fiscal
14 year, for purposes of title V of the Congressional
15 Budget Act of 1974 (2 U.S.C. 661 et seq.), and is
16 attributable to the programs referred to in para-
17 graph (2) shall be considered to be new budget au-
18 thority and shall be available, without fiscal year
19 limitation, for grants under section 242(i).

20 “(2) COVERED PROGRAMS.—The programs re-
21 ferred to in this paragraph are the programs under
22 this Act for insurance of mortgages and loans that,
23 on page 515 of the Appendix to the Budget of the
24 United States Government, Fiscal Year 2001 (H.
25 Doc. 106–162, Vol. II), in the table entitled ‘Sum-

1 mary of Loan Levels, Subsidy Budget Authority and
2 Outlays by Program’, are classified under budget ac-
3 count number 86–0200–0–1–371 and are referred to
4 as ‘FHA Full Insurance for Health Care Facilities
5 (plus 241/232)’, ‘Health Care Refinances’, and ‘Hos-
6 pitals’.”.

7 (b) MUTUAL MORTGAGE INSURANCE FUND SUR-
8 PLUS.—Section 205 of the National Housing Act (12
9 U.S.C. 1711) is amended—

10 (1) in subsection (e), by inserting “or for use
11 for grants pursuant to subsection (i)” before the
12 comma;

13 (2) in subsection (h)(1), by inserting “may not
14 make grants pursuant to subsection (i),” after the
15 4th comma; and

16 (3) by adding at the end the following new sub-
17 section:

18 “(i) AVAILABILITY OF SURPLUS AMOUNTS FOR HOS-
19 PITAL CONVERSION AND REINVESTMENT GRANTS.—Any
20 amounts in the Mutual Mortgage Insurance Fund that are
21 determined by the Secretary to be surplus to the amount
22 required to meet the operational goals under subsection
23 (h)(2) shall be available, without fiscal year limitation, for
24 grants under section 242(I).”.

1 **SEC. 5. REGULATIONS.**

2 Not later than 120 days after the date of the enact-
3 ment of this Act, pursuant to the authority in section 211
4 of the National Housing Act, the Secretary shall issue any
5 rules and regulations necessary to carry out the amend-
6 ments made by this Act.

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