**Rio Grande Hospital**

**Del Norte, Colorado**

On April 30, 2012, The Department of Housing and Urban Development’s Office of Healthcare Programs announced a commitment to insure a mortgage to Valley Citizen’s Foundation for Health Care, Inc (d/b/a Rio Grande Hospital) in Del Norte, Colorado. The commitment was issued through FHA’s Section 223(a)(7) program, which provides for refinancing of a hospital’s existing FHA-insured mortgages without requiring new construction or renovation.

The loan was the first Section 223(a)(7) refinancing loan processed by the Office of Healthcare Programs for a portfolio hospital in more than five years. In response to the favorable interest rate environment, and a growing desire among portfolio hospitals to refinance debt, OHP created formal guidance for preparation of application materials. This guidance can be found within OHF’s new Handbook and Application Guides, found on the OHP website.

Since development of formal guidance, OHP has issued 223(a)(7) commitments for six additional portfolio hospitals. Altogether, lenders estimate that these refinancings will save FHA hospitals a total of $1.9 million in annual debt service.

“Part of FHA’s core mission is to help healthcare facilities that are struggling with high interest rates and limited credit options,” said Acting FHA Commissioner Carol Galante. “The savings provided through FHA refinancing will help facilities like Rio Grande hold down the cost of healthcare and better serve their community.”

Rio Grande’s two FHA-insured loans were used to construct a replacement facility in 2003 and a rural health clinic in 2007.

“The opportunity for Rio Grande Hospital to refinance debt strengthens its long term ability to continue to provide healthcare services to residents of the Valley. HUD recognizes how vital community and rural hospitals are to providing critical care and I am so pleased that we was able to participate in approving this debt restructuring,” said Rick M. Garcia, HUD’s Rocky Mountain Regional Administrator in Denver.