

The Hospital Mortgage Insurance Program was created to enable hospitals to acquire debt to fund construction projects and to allow hospitals to refinance capital debt. Capital debt means the outstanding indebtedness used for the construction, rehabilitation, or acquisition of the physical property and equipment of a hospital, including those financing costs approved by HUD.

In order to refinance capital debt with proceeds from a HUD mortgage, the Lender must provide documentation demonstrating that the debt was originally used to acquire capital assets. Documentation may include a sources and uses statement from the original financing or other materials.

Hospitals may not use mortgage proceeds to refinance debt that was used to fund operating expenses, nor use mortgage proceeds to pay operating expenses