

The Section 242 program is designed for acute care hospitals that are planning a construction project. While hospitals are allowed to refinance debt with proceeds from a Section 242 financing, in order to qualify for Section 242, at least 20% of the mortgage amount must be used for a construction project.

If the hospital is planning a project that includes close to 80% refinancing, and you're not sure whether it qualifies for Section 242 or Section 223(f), we encourage you to read the [Section 242 Preliminary Review Template in Appendix 3 of our Handbook](#) or to contact a [staff member](#) for more information.