approved Lenders the instructions to prepare, process and submit loan applications for residential healthcare facilities financed for FHA mortgage insurance.

B. Asset Management. The Section 232 Asset Management section is designed to establish national standards for the servicing and risk management of Section 232 FHA-insured mortgages. The section also describes how each Account Executive (AE) works in partnership with the Borrower and Lender to ensure each FHA-Insured 232 mortgage is financially and operationally strong, that each property provides a safe, quality place of residence, and that the loan remains viable for the term of the mortgage.

### 1.3 Legal Authority

A. **Section 232:** The Section 232 Program is authorized by Section 232 of the National Housing Act (12 U.S.C. 1715w), (12 U.S.C. 1715(b)) and 42 U.S.C. 3535. Statutory authority for the implementation of the Section 232 programs is contained in the basic insuring authority for each of the Section 232 programs. See the National Housing Act, Sections 223(a)(7), 232, 223(d), 232/223(f), and 241. Additionally, Section 211 of the National Housing Act authorizes and directs the Secretary to make such rules and regulations as may be necessary to carry out the provisions of the Act. Regulatory authority includes 24 CFR Parts 200, 232 and Section 5.801.

B. **Section 232/223(f):** Section 223(f) of the National Housing Act was added by Section 311(a) of the Housing and Community Development Act of 1974 and is codified at 12 U.S.C. 1715n(f). The program regulations are found in 24 CFR, Parts 200 and 232.

C. **Section 232/223(a)(7):** The Section 232/223(a)(7) program is authorized by the National Housing Act (12 USC 1715n(a)(7)).

D. **Section 232/241(a):** The Section 232/241(a) program is authorized under the National Housing Act, as amended, Section 241, Public Law 90-448 (12 U.S.C. 1715) and Public Law 94-375 (12 U.S.C. 1715z-6(a)). The program regulations are found in 24 CFR Parts 200 and 241.

E. **Section 223(d):** The Section 223(d) Operating Loss Loan program is authorized by Section 223(d) (12 U.S.C. 1715n(d)) of the National Housing Act 1937, as amended; Public Law 90-448, as amended; and Public Law 91-152, 12 U.S.C. 1715x. The program regulations are found in 24 CFR Part 207.

F. **Section 232(i):** The Section 232(i) program is authorized under the National Housing Act (12 U.S.C. 1715w(i)) as amended; Section 203(i) Public Law 93-204. The program regulations are found in 24 CFR Part 232 Subpart C.
HEALTHCARE MORTGAGE INSURANCE PROGRAM
SECTION 232 OF THE NATIONAL HOUSING ACT

A HUD HANDBOOK

For Program Participants and HUD Staff

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U. S. Department of Housing and Urban Development
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