

No breakdown of the sources of funds comprising the State and local share of project costs is available. Although a financial statement, required to be submitted by each applicant for Hill-Burton aid, provides data on the applicant's financial resources, this information has not been summarized. To prepare such a summary is a time-consuming project of such proportions that it has not been undertaken.

However, a study has been made of the extent to which construction funds for nursing homes were obtained through loans identifiable on the project application as mortgage loans. Of 114 voluntary non-profit nursing home projects approved during the years 1963 through 1965, a total of 61, or 54 percent, indicated mortgage loans as one means of financing their share of the project construction costs. Thirty of these projects were for completely new homes; the others were for additions to existing homes or for nursing home units of hospitals. Not all of the project sponsors reported details of their mortgage arrangements. Of those reporting the majority (58 percent) obtained their loans through banks or trust companies, although some obtained the loans through mortgage brokers or savings and loan associations.

The loans ranged in amount from \$22,000 to \$1,250,000 and averaged \$457,000 over the 3-year period. Not all of the sponsors reported the interest rate paid or the maturity period of the loan. ... those reporting, the loans were obtained for an average of 16 years with some, 23 percent, having loans of less than 10 years and a few, 10 percent, having loans with a maturity of 25 years. Interest averaged (unweighted) 5.61 percent, although one sponsor reported that a loan had been obtained at a rate as low as 4 percent.

Federal Housing Administration.—Mortgage insurance for the construction or remodeling of proprietary or private nonprofit nursing homes is made available through the Federal Housing Administration, an agency of the Department of Housing and Urban Development. Purchase of land and cost of site improvement and of certain non-residential facilities such as recreational and social facilities, plus built-in fixtures and equipment, may be included in the mortgage. Homes obtaining this mortgage insurance must have a capacity of at least 20 beds and must present a certificate of need for the home from the State Hill-Burton agency. Through December 31, 1965, 364 nursing home projects for \$213.4 million were insured by FHA to provide 33,159 beds.

Small Business Administration.—Under a program inaugurated in August 1956, the Small Business Administration makes commercial loans available to construct, expand, improve, or operate proprietary nursing homes whose dollar volume of receipts is not more than \$1 million annually. The amount of the loan is limited by statute to \$350,000 and may be either a direct loan or a participation loan jointly with SBA banks and other private lending institutions. A certificate of need for the facility must be obtained from the State Hill-Burton agency before the loan can be processed. As of December 31, 1965, a total of 506 applications had been approved by SBA for loans to sanatoria and convalescent rest homes. The cumulative amount of the loans totaled \$36,763,000.