

# FINAL BILL REPORT

## HB 2510

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Synopsis as Enacted

**Brief Description:** Authorizing public hospital districts to execute security instruments.

**Sponsors:** Representatives Kelley, Rodne, Hurst, Bailey, Kirby, Simpson and Morrell.

**House Committee on Financial Institutions & Insurance**  
**Senate Committee on Financial Institutions, Housing & Insurance**

### **Background:**

Public hospital districts are types of municipal corporations that are authorized to operate hospitals and other health care facilities and provide other hospital and health care services within a specified community. In addition to operating hospitals, these services may include nursing homes, extended care, long-term care, outpatient and rehabilitation facilities, and ambulance services. As government entities, the authority of public hospital districts is specifically stated in statute. Public hospital districts may survey existing hospitals and health care facilities, manage property, lease facilities and equipment, borrow money, issue and sell bonds, and raise revenue through levies. Other governmental entities such as fire protection districts, port districts, housing authorities, and school district associations have the authority to mortgage property assets.

Through the Federal Housing Administration (FHA), the United States Department of Housing and Urban Development provides insurance for mortgages and loans for, among others, certain healthcare facilities. The stated purpose of this federal insurance program is meant to encourage lenders to offer credit in areas and to borrowers who may not otherwise qualify for conventional loans.

### **Summary:**

In connection with the issuance of bonds, a public hospital district may grant a lien on its property pursuant to a mortgage, deed of trust, security agreement, or any other security instrument allowed under applicable law. The bonds must be issued, however, in connection with a federal program providing mortgage insurance, including the mortgage insurance programs administered by the FHA.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Votes on Final Passage:**

House 97 0

Senate 45 0

**Effective:** June 10, 2010