

FHA FORM NO. 3265  
Rev. May 1970

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
FEDERAL HOUSING ADMINISTRATION

**AGREEMENT FOR COMMENCEMENT OF CONSTRUCTION  
PRIOR TO INITIAL ENDORSEMENT**

For use in Section 213 Projects,  
Section 221(d)(3) and Section 236 Management and Investor-Sponsor Type Projects.

TO THE FEDERAL HOUSING ADMINISTRATION

Re: FHA Project No. \_\_\_\_\_

The undersigned mortgagor, formed under a charter approved by the FHA Commissioner, and the undersigned contractor request the permission of the Federal Housing Administration to commence construction of the captioned project prior to the initial endorsement of the mortgage for insurance.

It is agreed that in consideration of such permission being granted, the following terms and conditions will be applicable.

- \*1. All construction prior to the recordation of the insured mortgage is to be at the risk of the contractor.
- \*\*2. All construction prior to the recordation of the insured mortgage is to be at the risk of the mortgagor.
3. In order to permit the assignment of a construction inspector, Federal Housing Administration will be notified of the date when construction is to commence, which is defined as that date upon which initial site clearance and preparation and/or excavation is begun, provided that such site clearance and related rough grading, etc., continues without appreciable delay from such date and is pursued diligently. Such facilities as are required for the construction inspector will be made available.
4. A release of liens will be furnished by the contractor and by each subcontractor who performed any work or services to the project, such release to be delivered to the mortgagee at the initial endorsement of the mortgage for insurance.
5. No work should be commenced on construction of this project until such plans and specifications as may be deemed by the Federal Housing Administration to be sufficient to cover the work to be done prior to execution and recordation of the insured mortgage and the closing of the transaction have been filed with and accepted by the mortgagee and the Federal Housing Administration nor shall work on the project proceed beyond the scope indicated on the plans and specifications thus filed and accepted, until complete plans and specifications for the entire project shall have been approved and accepted by all parties.
6. No construction shall be commenced prior to execution of FHA Form No. 2482 by the contractor nor except pursuant to a current prevailing wage determination by the Secretary of Labor.
7. The inspection fee set forth in the Commitment for Insurance has been paid.
8. We hand you herewith executed Agreement and Certification (FHA Form No. 3305 or 3306).
9. There is submitted herewith a conformed copy of the executed construction contract (FHA Form No. 2442 or 2442A as the case may be).
10. The project land is owned by \_\_\_\_\_
11. Permanent financing has either been arranged as evidenced by the attached copy of Lender's commitment; or an application for permanent financing has been filed with the (Federal National Mortgage Association) (Government National Mortgage Association).\*\*\*
12. The date upon which the commitment requires the first payment to principal to be made may be amended by FHA prior to the date of the initial endorsement of the mortgage for insurance. Such date will reflect the then current estimate of FHA as to the total period required for the completion of construction and for obtaining sustaining occupancy of the project.
- \*13. The contractor agrees not to assert any claim in connection with the contemplated construction against the mortgagor corporation and/or any stockholder of, or subscriber to the stock of the mortgagor corporation, unless the mortgage is endorsed for mortgage insurance by the Commissioner, and then only to the extent provided for in the Construction Contract approved by FHA.
- \*14. All work prior to endorsement and thereafter is to be approved by the mortgagor's supervising architect.
15. It is understood that approval of this request by the FHA shall not be construed as varying the terms of the outstanding FHA commitment except to permit the commencement of construction prior to endorsement for mortgage insurance and as provided in paragraph 12 hereof, and the mortgage will not be endorsed unless all other commitment requirements are complied with.

\_\_\_\_\_  
Contractor  
\_\_\_\_\_  
Mortgagor  
\_\_\_\_\_  
Date  
\_\_\_\_\_

The undersigned, \_\_\_\_\_, the mortgagee in the Commitment on the captioned project dated \_\_\_\_\_, consents to the foregoing request and agrees, in consideration of the Administration's approval, that all mechanics' and materialmen's liens and encumbrances filed or recorded before the first advance is made on said mortgage, will be discharged of record before any advances are made, or, if not so discharged, no advances will be made on said mortgage.

It is understood that the Federal Housing Administration will not be held to be responsible for any liens or any other objection to title which might result from the fact that construction of this project commenced prior to recordation of the insured mortgage and shall not in any respect be deemed to have approved the title prior to closing of the transaction or to have waived in any way the provisions of the FHA Regulations which place the responsibility of mechanics' and materialmen's liens upon the mortgagee and the date of completion of the project shall be advanced as set forth in condition # 12, above.

Approved Federal Housing Administration  
By: \_\_\_\_\_  
\_\_\_\_\_  
Title  
\_\_\_\_\_  
Date  
\_\_\_\_\_

\* Omit in Investor-Sponsor Type Cases.  
\*\* Omit in Management Type Cases.  
\*\*\* Delete inapplicable reference.  
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