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CHAPTER 5. COMMITMENT AND CLOSING

5-1. COMMITMENT.

- A. The commitment should be in letter form listing the commitment amount, terms and requirements, including any required repairs (critical/noncritical) and a requirement for a new Regulatory Agreement. The commitment should also require that the owner must notify the Architectural, Engineering and Cost Branch when any noncritical repairs deferred until after endorsement are underway.
- B. The commitment is valid for a period of 90 days. It is not anticipated that extensions will be necessary in Section 223(a)(7) refinancing. However, the Field Office may extend Section 223(a)(7) commitments for a maximum of three additional 30-day periods, provided that processing and underwriting conclusions are current at the time of any extension.
- C. The commitment must require that the existing Reserve for Replacements will be transferred in total with the new mortgage and that the payments to the Fund will continue to be paid. In addition, any deficiency in the Fund as well as any other reserve deficiencies resulting from deferments of payment or other documented cause must be addressed based on the recommendation of Loan Management (see paragraph 4-3D).

5-2. REGULATORY AGREEMENT. A new Regulatory Agreement must be executed at closing under the same Section of the Act as the original loan.

5-3. CLOSING. Projects will be closed using standard closing procedures (see Handbooks 4430.1 REV-1, 4440.1 and applicable program handbooks). The amount of Mortgage Insurance Premium required at closing follows the provisions of the program under which the mortgage is being reinsured.

5-4. BEGINNING OF AMORTIZATION. Amortization shall begin on the first day of the second month following the date of the initial/final endorsement of the mortgage.