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| U.S. Department of Housing and Urban Development COMMITMENT TO INSURE UPON COMPLETION (Section 232(i)) Federal Housing Administration | | HUD Fire Safety Equipment Loan No. |
| TO: Name and Address of Lender (Include City, County, State, and ZIP Code) | Name and Address of Borrower (Include City, County, State, and ZIP Code) | |
| <p>DEAR SIRs:</p> <p>We understand that you, as Lender, have agreed to make a loan to _____ (hereinafter called the "Borrower"), in an amount not exceeding the sum of _____ Dollars (\$ _____) to be secured by a credit instrument and security instrument, if any, (hereinafter jointly or singularly called the "Loan") in connection with the purchase and installation of fire safety equipment in a nursing home or intermediate care facility situated in the _____ of _____ and State of _____, at _____ upon which property there is to be installed certain fire safety equipment (hereinafter called "Equipment"), in accordance with certain Drawings and Specifications prepared by _____ Architect(s), and entitled _____, which Drawings and Specifications have been identified by the signature and initials of the Borrower, Lender, and the Architect and approved by the Secretary of Health, Education, and Welfare (hereinafter referred to as "HEW").</p> <p>That upon the completion of the installation of the Equipment in accordance with the aforesaid Drawings and Specifications, it is your intention to present the said Loan to this Administration for loan insurance under the provisions of Section 232(i) of the National Housing Act, and the Regulations thereunder now in effect.</p> <p>The Secretary of Housing and Urban Development (hereinafter called "Secretary") hereby agrees to insure said Loan under the provisions of said Act and Regulations upon the following conditions:</p> <ol style="list-style-type: none"> 1. Upon endorsement of the Loan for insurance, installation of the "Equipment" shall have been completed strictly in accordance with the requirements of said Drawings and Specifications except as they may have been modified by changes formally approved in writing by the Secretary of HEW before the changes are made. 2. During the course of installation the Secretary and his representatives shall at all times have access to the property and the right to inspect progress of installation, and the Secretary will require payment of \$ _____ to cover cost of said inspection. 3. Prior to endorsement of the Loan for insurance, the Borrower shall present to the Secretary a title policy or title evidence in conformity with the Regulations above mentioned. The Borrower shall also furnish satisfactory proof that there exists no unpaid obligations contracted in connection with the Loan transaction, the purchase of the Equipment or the installation of the improvements, except such obligations as may be approved by the Secretary. If such title evidence is in the form of a title insurance policy, it shall by its terms inure to the benefit of the Lender and/or the Secretary of Housing and Urban Development, as their interests may appear. 4. The loan shall bear interest at the rate of _____ percent per annum payable on the first day of each month on the outstanding balance of principal. The first payment to principal (commencement of amortization) shall be due not later than the first day of the first month following the month in which this commitment expires. The loan shall be payable on a level annuity basis by _____ monthly payments of principal and interest in the amount of _____. The maturity and final payment date shall be _____ years and _____ months following the due date of the first payment to principal. 5. The credit instrument and the security instrument, if any, to be insured shall be in the form prescribed by the Secretary for use in connection with Section 232(i) loans in the locality in which the property is situated. 6. The Borrower must possess the powers necessary for operating the nursing home or intermediate care facility and meeting all the requirements of the Secretary for insurance of the loan. Prior to endorsement of the loan for insurance, there shall be filed with the Secretary a copy of the instrument under which the Borrower is created (unless the Borrower is an individual) together with copies of all instruments or agreements as may be necessary under the laws of the applicable jurisdiction to authorize execution of the loan transaction and the other closing documents, and a Regulatory Agreement or other instrument as will permit the Secretary's regulation of the Borrower. 7. Prior to the endorsement of the loan for insurance, the Borrower shall obtain and furnish the Secretary with a statement by the Secretary of HEW that the installation of the Equipment has been completed in accordance with the Drawings and Specifications. In addition, evidence shall be submitted to the Secretary that such installed Equipment has been inspected and approved by all departments, boards, or agencies of the municipality, county or State, or other governmental bureaus or departments having jurisdiction thereof. 8. Upon endorsement of the Loan for insurance it must be current with respect to all payments required to be made by its terms. 9. Upon the endorsement of the Loan, the Lender shall pay to the Secretary in advance, a loan insurance premium, equal to one per centum of the original face amount of the Note, to cover the first loan insurance premium and shall continue to make payments thereafter as required by the aforesaid regulations. 10. Prior to endorsement of the Loan, the Borrower shall furnish satisfactory evidence that the work of the Contractor is covered by a guarantee against latent defects and faulty workmanship and defective materials, running for a period of at least 1 year from date of the statement by HEW that the installation has been completed. The guarantee will be assured by (a) a valid surety bond, in an amount not less than twenty percent (20%) of the cost of the purchase and installation of the Equipment, running for a period of not less than 2 years following installation of the Equipment, with the Lender and | | |

Borrower as Obligees, which Bond shall be assignable to the Secretary; or (b) cash equal to ten percent (10%) of the face amount of the Loan retained in escrow and subject to the control of the Lender for a period of 1 year, which sum, upon failure of the Borrower to make such corrections as are required by the Lender, or its assigns, may be used by the Lender, or its assigns, for making such required corrections or, with the consent of the Secretary, may be applied to the last maturing installments of principal of the indebtedness.

11. Installation of the Equipment shall commence 30 days from the date of this commitment and must be continued thereafter diligently to completion. If installation is not started within such time, this commitment shall terminate unless the time for commencement of construction is extended in writing by the Secretary.

12. The Borrower shall not be required to pay to the Lender an initial service charge in excess of 1-1/2 percent of the original amount of the Loan.

13. This commitment shall expire _____, 19____, unless duly extended in writing by the Secretary and upon such expiration all rights and obligations of the respective parties shall cease.

14. Prior to the commencement of the installation of the Equipment, an Agreement to certify actual cost, FHA Form No. 2422 shall be executed by the Borrower and Lender.

15. The commitment amount hereinabove is subject to appropriate reduction in accordance with the terms of the Agreement to certify actual cost.

16. This commitment is conditioned upon the payment of an Inspection Fee of \$ _____ payable prior to the beginning of construction. The minimum Inspection Fee shall be \$50.00.

17. A request for reopening received within ten (10) days after this commitment expires will be considered only if such request is accompanied by payment of the stipulated commitment fee, and a reopening fee of 50 cents per \$1,000 of the amount of the expired commitment.

18. It is a condition of this commitment that any change in the Borrower must be requested in writing by the Lender on behalf of the proposed substitute borrower, and such request must be approved in writing by the Secretary.

19. If the property upon which the fire safety equipment is to be installed is subject to a mortgage insured or held by the Secretary, the Borrower shall furnish surety bonds for performance and materials affording 100% coverage.

20. Special Conditions:

This commitment together with the applicable HUD Regulations constitute the entire agreement between us, and acceptance of the terms hereof is evidenced by the signature and seals of the Borrower and Lender upon the lines provided therefor below.

Secretary of Housing and Urban Development
By: Federal Housing Commissioner

Date _____

By _____
(Signature of Authorized Agent)

The above commitment to insure is hereby acknowledged by the undersigned, and we hereby agree to be bound by the terms thereof.

Attest: _____
(Borrower)

By _____
(Signature and Title)

Attest: _____
(Lender)

By _____
(Signature and Title)