

Agreement of Sponsor To Furnish Additional Funds

U.S. Department of Housing
and Urban Development
Office of Housing

OMB Approval No. 2502-0598
(Exp. 9/30/2021)

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This **AGREEMENT OF SPONSOR TO FURNISH ADDITIONAL FUNDS (“Agreement”)** made this _____ day of _____, 20____, to _____, (“**Lender**”), whose principal address is: _____, by _____, (“**Sponsor**”), whose principal address is: _____, in connection with HUD Project No. _____, located in the City/County of _____, State of _____, which Project [has been, is being, or will be] [constructed, rehabilitated, purchased or refinanced] from the proceeds of a Loan insured by HUD and made to _____, (“**Borrower**”). (The definition of any capitalized term or word used herein can be found in this Agreement of Sponsor to Furnish Additional Funds, the Regulatory Agreement between Borrower and HUD, the Note, and/or the Security Instrument, except that the term “**Program Obligations**” means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on “HUDCLIPS,” at www.hud.gov.

RECITALS:

A. HUD has issued a Firm Commitment to insure said Loan pursuant to § ____ of the National Housing Act, as amended, and Program Obligations, on which mortgage insurance Borrower is relying for financing of the Project.

B. The Firm Commitment is conditioned upon assurance that additional funds in the amount of \$_____ be made available by Sponsor for Project purposes in accordance with Program Obligations.

C. Financing of the Project as proposed by Sponsor could not be obtained without the endorsement of the Note for insurance by HUD.

AGREEMENT:

In consideration of the mutual promises and undertakings contained herein, and for the purpose of inducing the Lender to make and HUD to insure said Loan, the parties acknowledge and agree as follows:

1. On or before _____ [*estimated date of completion*], the undersigned jointly and severally agree to deposit in escrow with Lender or subject to the control and order of Lender with a depository institution satisfactory to Lender in accordance with Program Obligations, the sum of \$ _____ (“**Escrow**”). The Escrow shall take the form of [*specify as applicable*]:

- cash, and/or
- one or more unconditional, irrevocable letter(s) of credit issued to Lender by a banking institution, attached hereto as Exhibit “A”. The rating of the issuing banking institution and the duration of such letter(s) of credit shall comply with Program Obligations.

2. The Escrow shall be held and disbursed by the Lender pursuant to the terms of **{insert name and form number of underlying escrow agreement that this Agreement is intended to supplement in accordance with Program Obligations}** to be executed at the same time as this Agreement.

EXHIBIT "A"

Form of Letter of Credit