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APPENDIX 1  
MODEL MIP AGREEMENT

(Mortgagor Name  
and Address)

Re:Project Name: \_\_\_\_\_  
Location: \_\_\_\_\_  
Project No.: \_\_\_\_\_

Dear

This letter, when properly executed by an authorized officer of \_\_\_\_\_ (herein called the "Mortgagor"), shall constitute an agreement between the Mortgagor and the Secretary of Housing and Urban Development (herein called the "Secretary"), acting by and through \_\_\_\_\_ title \_\_\_\_\_ name \_\_\_\_\_, with regard to FHA Project No. \_\_\_\_\_ (herein called the "Project No.") \_\_\_\_\_ (herein called the "Project").

WHEREAS, the Mortgagor has failed to make payments owed to the Secretary under a Mortgage Note secured by the Project, and has been duly declared to be in default by the Secretary;

WHEREAS, the Regulatory Agreement entered into between the Mortgagor and the Secretary provides that the Secretary may take possession of the project after such default by the Mortgagor;

WHEREAS, the Mortgagor and Secretary wish to provide for the orderly and peaceable transfer of the possession and management of the Project from the Mortgagor to the Secretary.

NOW, THEREFORE, the Mortgagor and the Secretary agree as follows:

1. The Mortgagor will deliver to the Secretary or his agents possession of all the property, real, personal or mixed, associated with, derived from or used in the operation of the Project.
2. The Mortgagor and his agent will refrain from interfering in any way with the possession, preservation, operation and management of the Project by the Secretary or his agents.
3. The Mortgagor hereby assigns to the Secretary the right to collect and receive all rents, charges and

profits from the Project. The Secretary agrees to use this Project income to pay necessary expenses for operating and preserving the Project and to also pay the Mortgagor's obligations under the Note and Mortgage when Project income exceeds operating expenses. When operating expenses exceed project income, any advances made by the Secretary will be added to the outstanding indebtedness due and payable under the Mortgage.

4. The Mortgagor shall deliver to the Secretary forthwith, but in no event later than \_\_\_\_\_, the following:
  - (a) All funds held as tenant security deposits, along with an accounting for each tenant of the amount collected and date of collection.
  - (b) All funds in Project operating accounts, reserve fund accounts and any other accounts derived from or associated with the operation of the Project.
  - (c) All existing leases entered into between the Mortgagor and the current tenants of the Project, and a schedule of current rental rates.
  - (d) All supplies, furniture, equipment and other personal property associated with the Project.
  - (e) All existing service contracts for the Project including, but not limited to, contracts for landscaping, pest control, metered laundry equipment, air-conditioning and heating.
5. The Mortgagor will preserve all financial records, books of account and related materials and make them available to the Secretary for inspection at any time. The Mortgagor will also provide the Secretary with a final financial accounting for the project covering the period from the Mortgagor's last audited financial statement to the age of possession by the Secretary. This accounting must be prepared by an independent public accountant and certified by the accountant and the Mortgagor in accordance with the requirements of HUD Handbook 4372.1. The Mortgagor shall provide this accounting by \_\_\_\_\_.
6. The Mortgagor acknowledges that the Secretary may act as the agent of the Mortgagor and any other party who

has ownership interest in the project when necessary to carry out all management functions at the project, such as tenant evictions and rent increases, which are reserved to property owners by state law.

7. The Mortgagor acknowledges that the Secretary, in taking possession of this project, assumes none of the liabilities, costs or expenses incurred by the Mortgagor prior to the taking of possession by the Secretary.
8. The Mortgagor acknowledges that the actions detailed herein are to be taken without prejudice to or waiver of any right of the Secretary in any matter that has or may rise in connection with the Project.

Secretary of Housing and  
Urban Development

Mortgagor:

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_