MORTGAGE CREDIT BRANCH
INITIAL ENDORSEMENT DOCUMENT REVIEW

PROJECT NAME: _____________________________________________________________

PROJECT NUMBER: _______________________________________________________

Answer each question. Check "N/A" only where the document/question is not applicable to the project.

1. Request for Permission to Commence construction
Prior to Initial Endorsement for Mortgage Insurance, Form FHA-2415, was executed.
   ___ __ ___
   If yes:
   a. Release of liens by the contractor and subcontractors are acceptable.
      ___ __ ___
      If no, comment:
      _____________________________________________________________
      _____________________________________________________________
   b. The commitment date for the start of principal payment has been modified to reflect the early start of construction.
      ___ __ ___
      If no, comment:
      _____________________________________________________________
      _____________________________________________________________
   c. Provisions have been made to escrow funds for additive change orders approved during the early start of construction but not yet completed and/or paid.
      ___ __ ___
      If no, comment:
      _____________________________________________________________
      _____________________________________________________________
   d. Mortgagor/Contractor Agreement to recognize interest costs relating to early start submitted.
      ___ __ ___

2. The request for an initial advance is acceptable and funds requested under the construction contract, including any for work under an early start, are supported by a Contractor's Requisition, Form HUD-92448.
   ___ __ ___
   If no, comment:
   _____________________________________________________________
   _____________________________________________________________

___________________________________________________________________________
3. 2530 Clearances.

a. The mortgagor entity has been cleared pursuant to Form FHA-2530 procedures.  
   If no, comment and steps taken:
   ____________________________________________________________  YES NO N/A
   ____________________________________________________________
   ____________________________________________________________

b. Individuals or entities shown in the corporate charter, partnership agreement or incumency certificate have been cleared pursuant to Form FHA-2530 procedures.  
   If no:
   The following need clearance:
   ____________________________________________________________
   ____________________________________________________________
   Actions taken:
   ____________________________________________________________

  c. Individuals or entities shown on the contractor's certification have been approved pursuant to Form FHA-2530 procedures.  
   If no:
   The following need clearance:
   ____________________________________________________________
   ____________________________________________________________
   Actions taken:
   ____________________________________________________________

  d. All architects and attorneys who have an identity of interest have been cleared pursuant to Form FHA 2530 procedures.  
   If no:
   The following need clearance:
   ____________________________________________________________
   ____________________________________________________________
   Actions taken:
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<table>
<thead>
<tr>
<th>e. All identified packagers, consultants, project managers and management agents have been cleared pursuant to 2530 procedures.</th>
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<tbody>
<tr>
<td><strong>YES</strong></td>
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</table>

If no, the following need clearance:

Actions taken:

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### 4. Partnership Agreement:

<table>
<thead>
<tr>
<th>a. Credit check, financial review and 2530 clearance are acceptable for each principal partner.</th>
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<tbody>
<tr>
<td><strong>YES</strong></td>
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If no, comment:

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<tr>
<th>b. Rights and duties of each partner are acceptable.</th>
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<tr>
<td><strong>YES</strong></td>
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If No, comment:

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<thead>
<tr>
<th>c. Capital investment made/maintained for each partner is acceptable.</th>
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<tbody>
<tr>
<td><strong>YES</strong></td>
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If No, comment:

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<table>
<thead>
<tr>
<th>d. Partnership term equals or exceeds mortgage term.</th>
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<tr>
<td><strong>YES</strong></td>
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If no, partnership term must be: _____________

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<table>
<thead>
<tr>
<th>e. Mortgagor is a single asset mortgagor.</th>
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<td><strong>YES</strong></td>
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If no, comment:

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<th>f. Partnership Agreement is consistent with the Regulatory Agreement.</th>
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<td><strong>YES</strong></td>
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If no, comment:
g. The partnership agreement improperly provides for the mortgagor to indemnify partners and officers against lawsuits. If yes, comment:

h. Comments:

5. Corporate Mortgagor.

a. Credit check, financial review and 2530 clearance are acceptable for each principal investor. If no, comment:

b. Mortgagor is a single asset mortgagor. If no, comment:

c. The articles of incorporation and bylaws are consistent with the Regulatory Agreement and other documents. If no, comment:

d. The articles of incorporation and/or by-laws improperly provide for the mortgagor to indemnify board members against suits. If yes, comment:

6. The Agreement and certification is acceptable. If no, comment:
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7. The amount shown in the Regulatory Agreement for the Reserve Fund for Replacements is correct. If no, the correct amount is

   a. The time for construction is correct. If no, comment:
   b. The amount shown for liquidated damages is correct. If no, the correct amount is
   c. The contract price agrees with the 2328. If no, the correct amount is
   d. The cash upset amount is correct. If no, the correct amount is
   e. The Construction Contract Incentive Payment in Article 3 is acceptable in language, amount and computation. If no, comment:
   f. The Note amount is approved, if payment is by other than cash. If no, the correct amount is
   g. Assurance of completion amount shown in Article 6 is correct. If no, the correct amount is
   h. The Cost Breakdown (Form HUD-2328) has been confirmed correct by Arch/Cost. If no, comment:
   i. The filing period for monthly advances is acceptable.
j. The Amendment to the construction contract for identities of interest is attached and acceptable.  
   YES  NO  N/A
   __  __  ___
   If no, comment:
   ________________________________________________
   ________________________________________________

9. Advances for Components Stored Offsite are involved.  
   YES  NO  N/A
   __  __  ___
   If yes:
   a. Corporate surety bonds are 100 percent each for performance and payment and are acceptable.  
      YES  NO  N/A
      __  __  ___
      If no, comment:
      ________________________________________________
      ________________________________________________

   b. The Inventory and Cost Breakdown for Stored Components is attached to Form HUD-2328, Exhibit A to the Construction contract.  
      YES  NO  N/A
      __  __  ___
      If no, comment:
      ________________________________________________
      ________________________________________________

   c. The construction contract includes the addendum for offsite storage.  
      YES  NO  N/A
      __  __  ___
      If no, comment:
      ________________________________________________
      ________________________________________________

10. Assurance of Completion for on-site work.  
    a. The performance and payment bond(s) are for 100 percent each.  
       YES  NO  N/A
       __  __  ___
       If no, comment:
       ________________________________________________
       ________________________________________________

    b. The bonding company, __________________________  
       ________________________________________________, is acceptable to write a policy in the stated amount.  
       YES  NO  N/A
       __  __  ___
If no, maximum policy amount is ______________

c. Completion Assurance Agreement is correct. __ __ __
   If no, the correct amount is ________________

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<thead>
<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
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<tr>
<td><strong>d.</strong> Personal Undertaking, Form FHA-2459, is acceptable and in the correct amount.</td>
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<td>If no, comment:</td>
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<td><strong>e.</strong> Comment:</td>
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11. The Assurance of Completion for offsite work is acceptable. __ __ __
   If yes, in form of: ____________________________
   ____________________________
   If no, comment: ____________________________
   ____________________________

12. Owner-Architect Agreement fees and Form HUD-92403-1 agree for each design architect. __ __ __
   If no, comment: ____________________________
   ____________________________

13. The Certificate of Architectural/Engineering Fees agrees with prime architect contract fees and other A&E fee claims. __ __ __
   If no, comment: ____________________________
   ____________________________

14. Mortgage Note or Rider.

   a. The interest rate is the same as shown on the commitment. __ __ __
      If no, the correct rate is ________________

   b. The Mortgage amount is correct. __ __ __
      If no, the correct amount is ________________

   c. The P&I is correct. __ __ __
If no, the correct amount is _________________

d. The Commencement of Amortization date is correct. 
   If no, the correct date is _________________

___________________________________________________________________________

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___________________________________________________________________________

YES  NO  N/A

  e. The ending date for amortization is correct. 
     If no, the correct date is _________________

  f. The Special Provisions are consistent with other reviewed documents and financing criteria. 
     If no, comment: ______________________________

  g. Comments: 
     ___________________________________
     ___________________________________

15. Mortgage or Mortgage Modification Agreement.

  a. The interest rate is the same as shown on the commitment. 
     If no, the correct rate is _________________

  b. The Mortgage amount is correct. 
     If no, the correct amount is _________________

  c. The P&I is correct. 
     If no, the correct amount is _________________

  d. The Commencement of Amortization date is correct. 
     If no, the correct date is _________________

  e. The ending date for amortization is correct. 
     If no, the correct date is _________________

  f. The Special Provisions are consistent with other reviewed documents and program financing criteria. 
     If no, comment: ______________________________

  g. Comments: 
     ___________________________________
16. Title Policy or Endorsement.

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<th>YES</th>
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<th>N/A</th>
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a. Policy amount is _____________________________ which equals or exceeds the mortgage. ___ ___ ___
   If no, comment: _____________________________

b. The title company, ___________________________ is acceptable for a policy in that amount. ___ ___ ___
   If no, comment: _____________________________

17. The Building Loan Agreement is acceptable. ___ ___ ___
   If no, the following changes are required:

18. The Mortgagee's Certificate is acceptable as to fees, discounts, notes, and other terms, and agrees with firm commitment processing. ___ ___ ___
   If no, the following changes are required:

19. The Sponsor's Certification, Form FHA-3437, for 231 NP or 232 NP proposals is acceptable. ___ ___ ___
   If no, comment:

20. The Guaranty Agreement, for 12-Month Debt Service Escrow for B&C Independent Living Units is acceptable. ___ ___ ___
   If no, comment:

21. The Financial Requirements For Closing, Form FHA 2283, is attached. ___ ___ ___
   If no, comment:
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<tr>
<th></th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
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<tr>
<td>22. Special Conditions of the Commitment numbered _____ are considered in this review. Required documents have been submitted and found acceptable for them all. If no:</td>
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<td>a. Special Conditions numbered _____ have not been satisfied.</td>
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<td>b. The following documents must be submitted:</td>
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<td>c. The following actions have been taken:</td>
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<td>23. Mortgagor's Sinking Fund Agreement for Section 232 projects, where medicaid reimbursement based on depreciation plus interest is acceptable. If no, comment:</td>
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<td>24. Major/Minor Movable Equipment is involved (applicable only to Section 221d SRO, 231, 232 and 242 projects). If yes:</td>
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<td>a. Provisions for mortgagor to finance major and minor movable equipment are acceptable. If no, comment:</td>
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<td>b. The instrument evidencing acquisition of major equipment is acceptable. If no, comment:</td>
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<td>c. The Financial Statement and Security</td>
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Agreement (UCC) are acceptable. ____________________________________________
If no, comment: __________________________________________________________

______________________________________________
______________________________________________
___________________________________________________________________________

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___________________________________________________________________________
___________________________________________________________________________
d. The Chattel Mortgage is acceptable. ______________________________________
YES  NO  N/A ______________________________________________________________
If no, comment: __________________________________________________________
___________________________________________________________________________

25. Evidence that the mortgagor is able to finance its required minimum financial investment is acceptable. ______________________________________________________________
YES  NO  N/A __ __ __
If no, comment: __________________________________________________________
___________________________________________________________________________

26. Comments:
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Mortgage Credit Examiner          Chief Mortgage Credit
___________________________________________________________    __________________________
Date                                   Date

Note: The Mortgage Credit Branch is responsible for securing corrected initial draw documents directly from the mortgagee.