

U. S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

FHA Form 3107 EFFECTIVE DATE OF INTEREST REDUCTION PAYMENT CONTRACT
(Pursuant to Commitments for Insurance of Advances)

<p>INSTRUCTIONS - (For Directors of Area & Insuring Offices): Prepare original and four copies of this form when the cut-off date for cost certification purposes has been established. Send original and one copy to the mortgagee. Forward one copy to the FHA Assistant Commissioner-Comptroller, Attention: Multifamily Mortgage Branch, one copy to the Assistant Commissioner for Subsidized Housing Programs, and retain a copy for your files.</p>	
<p>INSTRUCTIONS - (For Mortgagees): Attach original of this form to a <u>separate</u> FHA Form 3102 for <u>each</u> project when billing the FHA Assistant Commissioner-Comptroller for the initial interest reduction payment for the mortgage identified below. Retain the copy for your files. See further instructions on the reverse of this form for computation of interest reduction payments.</p>	
TO: (Mortgagee):	Date of This Notice:
<p>The cut-off date for cost certification purposes for the mortgage identified in Panels 1 and 2 below is indicated in Panel 3. You are, therefore, authorized to bill the FHA Assistant Commissioner-Comptroller, Washington, D. C. 20412, for interest reduction payments prior to final endorsement based on the amount of insured advances indicated in Panel 4, beginning with interest accruing from the cut-off date, payable on the first day of the month next following the cut-off date, and monthly thereafter until final endorsement. Additional instructions are shown on the reverse of this form.</p>	
1. FHA Project No:	2. Name & Location of Project:
3. Cut-Off Date for Cost Certification Purposes:	4. Amount of Insured Advances as of Date in Panel 3: \$
5. Date Construction Completed:	6. Date Project Had Occupancy:
<p>TO: Assistant Commissioner-Comptroller Federal Housing Administration Washington, D. C. 20412</p> <p>I certify the accuracy of the information shown above and that (a) interest reduction payments for periods prior to final endorsement are not duplicating interest payments included in mortgage proceeds, and (b) Forms 3104 and instructions for the submission of such reports and related remittances for excess rental income have been given to the mortgagor.</p>	
7. Signature of Director or His Designee:	8. Area or Insuring Office:

INSTRUCTIONS FOR COMPUTING INTEREST REDUCTION PAYMENTS PRIOR TO FINAL ENDORSEMENT FOR MORTGAGES INSURED PURSUANT TO COMMITMENTS TO INSURE ADVANCES:

1. For a partial month, determine the number of days from, and including, the cut-off date indicated in Panel 3 on the face of this form, through, and including, the 30th day of the month. (Note: All computations are based on a 360-day year of twelve 30-day months.)

Multiply the applicable factor indicated below by the amount of insured advances shown in Panel 4 on the face of this form to arrive at the interest reduction payment for a full 30-day month. Prorate this amount based on the number of days as determined above.

2. The amount of insured advances will be used for the computation of interest reduction payments until final endorsement. Thereafter, the amount of the mortgage finally endorsed will be used. Thus, when a mortgage is finally endorsed on a day other than the first of a month, two prorated computations will be required to determine the amount of the interest reduction payment for the month in which final endorsement occurs--the first part of the month based on the amount of insured advances and the second part of the month based on the amount of mortgage finally endorsed.

INSTRUCTIONS FOR COMPUTING INTEREST REDUCTION PAYMENTS FROM DATE OF FINAL ENDORSEMENT TO THE BEGINNING OF AMORTIZATION:

1. For a partial month, determine the number of days from, and including, the date of final endorsement, through, and including, the 30th day of the month.

Multiply the applicable factor indicated below by the amount of mortgage finally endorsed to arrive at the interest reduction payment for a full 30-day month. Prorate this amount based on the number of days previously determined.

2. The amount of mortgage finally endorsed and the applicable factor shown below will continue to be used to compute interest reduction payments prior to the beginning of amortization. When amortization begins, the applicable factors shown in Appendixes 9 through 9-G of the Mortgagees' Guide, FHA G 4400.8, will be used as indicated therein to compute interest reduction payments due after amortization begins.

SHOWN BELOW ARE FACTORS FOR COMPUTING INTEREST REDUCTION PAYMENTS PRIOR TO FINAL ENDORSEMENT AND PRIOR TO THE BEGINNING OF AMORTIZATION FOR VARIOUS INTEREST RATES FOR MORTGAGES HAVING A TERM OF 40 YEARS. FACTORS FOR TERMS OTHER THAN 40 YEARS MAY BE REQUESTED FROM THE FHA ASSISTANT COMMISSIONER-COMPTROLLER:

<u>Interest Rate</u>	<u>Factor</u>	<u>Interest Rate</u>	<u>Factor</u>
8-1/2%	4.97144	7-1/2%	4.13811
8-1/4%	4.76311	7-1/4%	3.92977
8%	4.55477	7%	3.72144
7-3/4%	4.34644	6-3/4%	3.51311

SPECIAL NOTE: If the mortgage is reduced at final endorsement and the monthly payment to principal and interest is not reduced accordingly, this will have the effect of amortizing the mortgage in a term less than 40 years and the above factors will not be applicable. In these instances, a special computation should be requested from the FHA Assistant Commissioner-Comptroller for such odd-term mortgages.