AGREEMENT OF SPONSORS TO FURNISH ADDITIONAL FUNDS

WHEREAS, the undersigned are sponsors of the project located in ______________________, identified as FHA Project No. __________, in the construction of which will be employed the proceeds of a mortgage (or deed of trust) from ______________________, mortgagee or owner, to ______________________, mortgagee or lender, and,

WHEREAS, the Federal Housing Commissioner has issued his commitment to insure and mortgage pursuant to the provisions of the National Housing Act, which commitment is conditioned upon assurance that additional funds in the amount of $_____________ be made available for project purposes, primarily for the absorption of any deficit in the operation of the project during the initial period of occupancy, and,

WHEREAS, financing of the project as proposed by the sponsors could not be obtained without the Commissioner's endorsement for insurance,

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That for and in consideration of the premises hereinabove set forth, and for the purpose of inducing the Commissioner to insure said mortgage, the undersigned hereby jointly and severally agree and undertake with the Commissioner to deposit on or before __________, in escrow with a depository satisfactory to the Commissioner, $____________ (a) in cash, or (b) by an unconditional irrevocable letter of credit issued to the depository by a banking institution, or (c) in United States bearer bonds at market value, to be held and disbursed by the depository pursuant to the terms of an escrow agreement to be executed at the time of making the deposit, which agreement shall take the form of the specimen hereto attached.

Dated: ______________________

[SEAL]

______________________
[SEAL]

______________________
[SEAL]

______________________
[SEAL]

______________________
[SEAL]
WHEREAS, 

are sponsors of a project located in ____________, and identified as FHA Project No. __________, which project has been, is being, or will be, constructed from the proceeds of a mortgage (or deed of trust) from __________, with respect to which mortgage the Federal Housing Commissioner has issued his commitment to insure, and without which insurance financing of the construction of the project as proposed by the sponsors could not be obtained, and

WHEREAS, said commitment is conditioned upon assurance that additional funds be made available for project purposes, primarily for the absorption of any deficit resulting from the operation of the project during the initial period of occupancy;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

1. That the sponsors have deposited with __________, Depository,

   □ (a) in cash,

   □ (b) by an unconditional irrevocable letter of credit issued to Depository by a banking institution,

   □ (c) in United States bearer bonds at market value,

   $ __________, receipt of which is acknowledged by the Depository, to be held and disbursed by the Depository as hereinafter set out.

2. Said deposit shall be held subject to disbursement at the direction of the Commissioner for a period of __________ months following final endorsement of the mortgage loan for insurance plus any additional period by which the beginning of amortization of the loan may be deferred. Disbursements from the escrow may be authorized monthly by the Commissioner to meet any cash deficit in the operation of the project for the period immediately following substantial completion of construction. In determining the amount of such cash deficit, effect will be given to the mortgagor's payments for amortization and deposits in the Reserve for Replacements, but no effect will be given to depreciation, officers' salaries, and management fees paid to the owners or sponsors of the project or their nominees.

3. The deposit will be subject to immediate application to the mortgage debt in the event of default under the mortgage at any time prior to the expiration of the escrow period.

4. IT IS UNDERSTOOD AND AGREED that at the expiration of the escrow period, or at such earlier date as the Commissioner determines that the project has achieved sustaining occupancy and income, any balance remaining on deposit will be returned to the sponsors, without interest.

5. IT IS FURTHER UNDERSTOOD AND AGREED that the Depository will hold and disburse this escrow at the sole direction of the Commissioner, and the sponsors hereby authorize the Depository, in the event the deposit hereunder in other than in cash, to draw against the letter of credit or to sell the bonds to the extent necessary to provide the cash necessary to make the disbursements directed by the Commissioner.

6. Whenever used herein, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

Dated: ____________

(Sponsor) ____________

(SEAL)

(Sponsor) ____________

(SEAL)

(Sponsor) ____________

(SEAL)

(Sponsor) ____________

(SEAL)
ESCROW AGREEMENT
FOR
UNPAID CONSTRUCTION COSTS

WHEREAS, ____________________________ is the mortgagor of a project located in ____________________________, identified as Project Number ____________________________, which project has been constructed from the proceeds of a mortgage (or deed of trust) from ____________________________, with respect to which mortgage the Assistant Secretary—Federal Housing Commissioner has finally endorsed for insurance, and,

WHEREAS, the final endorsement is conditioned upon assurance that additional funds be made available for project purposes, primarily for the payment of unpaid construction costs resulting from the project during the period from initial endorsement to the cutoff date established for cost certification purposes.

NOW, THEREFORE, THIS AGREEMENT WITNESSES:

1. That the mortgagor has deposited with ____________________________, Depositary,

   ____________________________, receipt of which is acknowledged by the Depositary, to be held and disbursed by the Depositary as hereinafter set out.

2. The depositary shall be held subject to disbursement at the direction of the Assistant Secretary—Commissioner for a period of ___________ months following final endorsement of the mortgage loan for insurance plus any additional period by which payment of construction cost is estimated by the mortgagor to be in dispute or under litigation. Disbursements from the escrow may be authorized by the Commissioner to meet any established cost for which the escrow deposit was intended. In determining the amount of such cash deposit, effect will be given to the mortgagor's outstanding liabilities as reported on Form FHA-2023, Request for Final Endorsement of Credit Instrument.

3. The balance remaining in the escrow deposit will be subject to immediate application to the mortgage debt in part or total in the event that the supplemental cost certification is not resolved within the time prescribed in paragraph 2 and the HUD-approved costs do not support the mortgage.

4. IT IS FURTHER UNDERSTOOD AND AGREED that the Depositary will hold and disburse this escrow at the sole direction of the Assistant Secretary—Commissioner.

Dated: ____________________________

(Mortgagor by)

(SEAL)

______________________________

(Authorized Agent)

(SEAL)

HUD-2012-1 (1-81)
KNOW ALL MEN BY THESE PRESENTS:

That, ____________________________________________, (hereinafter called the Principals), and ____________________________________________, (hereinafter called the Surety) are held and firmly bound unto Federal Housing Commissioner in the sum of ____________________________ Dollars ($_____________________), for the payment whereof the Principals and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally by these presents.

WHEREAS, the Principals have entered into a certain Agreement with the Commissioner dated ____________________________ , 19________, under which Principals undertake to deposit in favor of ____________________________________________, Dollars ($_____________________) on or before ____________________________ , 19________, in order to meet the requirements of the Commissioner's Commitment for Insurance involving a certain housing project known as ____________________________________________, No. ____________________________ , located in__________________________________________:

NOW, THEREFORE, THE CONSIDERATION OF THE OBLIGATION IS SUCH that if the Principals shall well and truly deposit $ ____________________________ as required by said Agreement, or in the default thereof, the Surety shall, promptly after written notice of such default, make such deposit on behalf of the Principals, then this obligation shall be null and void, otherwise to remain in full force and effect.

Executed this ____________________________ , 19________.

Witness as to Principals

______________________________
(Principal)

______________________________
(Principal)

______________________________
(Principal)

______________________________
(Principal)

______________________________
(Surety)

By ____________________________________________

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