MAXIMUM INSURABLE MORTGAGE

Project Name: __________________________ Project No. ____________

To: __________________________

Mortgagee

Street

City and State

Dear Sirs:

This Administration, pursuant to the Agreement and Certification executed in connection with the above project, has reviewed the mortgagee's certified statement of actual cost and in reliance thereon has made certain related determinations as required under Section 227 of the National Housing Act. Accordingly, the Commissioner will endorse as insured an original credit instrument, secured by a first mortgage upon the land and property included in the project, in an amount not to exceed that not forth herein below.

It is understood, however, that any estimated items of cost may result in a further reduction of the mortgage when the actual costs are established, that such a reduction, if any, must be made in accordance with the aforementioned Agreement and Certification, and that acceptance of items "to be paid in cash within 45 days after final endorsement" is conditioned upon proof of payment of each item in cash. Failure to comply with this requirement may result in a mandatory prepayment to the mortgagee.

Pursuant to Section 227 of the National Housing Act, all items approved herein are final and incontestable, except for fraud or material misrepresentation on the part of the mortgagor, or of the date of the final endorsement of the mortgage for insurance, except that items shown on FHA Form 2330 to be paid within 45 days, shall not be considered final and incontestable until the date of HUD's approval of the supplemental cost certification.

1. (a) Original Mortgage Amount

(b) Less: Minor Effect of Construction Changes, if any $ ________

(c) Thumbed Contingency Reserve, if any (Rehabilitation) $ ________

(d) Total Deductions from Original Mortgage Amount $ ________

(e) Adjusted Original Mortgage Amount $ ________

2. Certificated "Actual Cost" (From FHA Form 2330)

3. Disallowed Amounts (Schedule 2) $ ________

4. Recognized "Actual Cost" of Improvements $ ________

5. Land $ ________

6. TOTAL LAND & IMPROVEMENTS $ ________

7. Statutory Percentage of Total Cost ( ______ % of Item 6) $ ________

8. Lessor of: (i) $ ________ Existing Mortgage indebtedness on (Land and Improvements to be Rehabilitated) or (ii) an Amount Equal to ______ % of the Fair Market Value $ ________ of Land and Improvements Before (Repair or Rehabilitation) $ ________

9. TOTAL = Line 7 plus Line 8, (if any) $ ________

10. Maximum Insurable Mortgage in Multiples of $100, (Item 1(e) or Item 9 whichever in the lesser) if Cents involved see attached sheet to this form for Reconciliation of Adjustments, if required $ ________

Schedule 1. Approval of the Maximum Insurable Mortgage, as stated on Line 10, is conditioned upon the following:

A. A supplemental cost certification prepared by an IPA of CPA of FHA Forms 2330 and 2330A must be submitted within 60 days after final endorsement in order to account for those items of cost on the current certification which are "to be paid in cash within 45 days after final endorsement."
Schedule 1 (cont.)

Schedule 2. Disallowed Costs

Schedule 3. Computation of Mortgagor's Initial Equity Investment

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<tbody>
<tr>
<td>1. Total Land and Improvements (Line 6 above)</td>
<td>$__________</td>
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<tr>
<td>2. Less: Maximum Insurable Mortgage (Line 10 above)</td>
<td>$__________</td>
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<tr>
<td>3. Mortgagor's Initial Equity Investment</td>
<td>$__________</td>
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Schedule 4. Tentative Disallowances. These items which appear below are classified as tentative disallowances and may be recognized and approved as certifiable costs subsequent to the issuance of this form provided that satisfactory clarifying documentation is submitted within 30 days. Whether or not these items are subsequently approved will have an effect on the maximum insurable mortgage listed on line 10 of this form.

Assistant Secretary for HPMC/FHA Commissioner

Dated _______________ By __________________________

Authorized Agent