

FIRM COMMITMENT FORMAT

To be Reproduced by the lender on its own Letterhead

Project Number: _____

(Name of Sponsor(s))

(City, County, State)

(Name of Proposed Mortgagor)

DEAR SIRs:

We, as lender, have agreed to make a loan to _____ (hereinafter called the "Mortgagor"), in an amount not exceeding the sum of _____ Dollars (\$ _____) to be secured by a credit instrument and security instrument (hereinafter jointly called the "Mortgage") covering real property with existing building(s) thereon, (hereinafter called the "Project"), situated in the _____ of _____ and State of _____ at _____, as shown on the As-built Survey, Surveyor's Certificate, and legal description of the property attached hereto and marked "Exhibit A."

It is our intention to coinsure with the Department of Housing and Urban Development/Federal Housing Administration, the said mortgage under the provisions of Section 207, pursuant to Section 223(f) and pursuant to Section 244 of the National Housing Act, and the Regulations thereunder now in effect.

1. Upon endorsement of the Mortgage for insurance, repairs, if any, shall have been completed in accordance with the Work Write-up attached hereto as "Exhibit B" and the Specifications (and Drawings, if required) attached hereto as "Exhibit C" except as they may have been modified by changes formally approved in writing by the undersigned before the changes are made.

2. During the course of repairs, if any, we, the Federal Housing Commissioner and his/her representatives shall at all times have access to the property and the right to inspect the progress of the repairs. The inspection of the repairs by representatives of the Commissioner shall be for the benefit and protection of the Secretary of Housing and Urban Development. If deviations from the Work Write-up and

Specifications (and Drawings, if applicable) or unsatisfactory workmanship or defective materials are not corrected to our satisfaction prior to the completion of repairs the Mortgage will not be considered eligible for insurance and this commitment will be null and void.

3. Prior to endorsement of the Mortgage for insurance, the Mortgagor shall present a title policy for title evidence in conformity with the Regulations above mentioned which shall show that title to the property on the date of endorsement of the mortgage for insurance is vested in the Mortgagor free of all encumbrances other than said Mortgage and all exceptions to title (either junior or prior to said Mortgage) except such as are specifically determined to be acceptable. The Mortgagor shall also furnish satisfactory proof that there exist no unpaid obligations contracted in connection with the Mortgage transaction, the purchase of the mortgaged property or refinancing of existing indebtedness, or the completion of the repairs, except such obligations as may be approved by the lender. If such title evidence is in the form of a title insurance policy, it shall by its terms inure to the benefit of the lender and/or the Secretary of Housing and Urban Development, as their interests may appear. If under the laws of the jurisdiction in which the Project is located the chattels and personal property of the Mortgagor required in the operation of the Project are not covered by and subject to the terms of the Mortgage, the lender must require and receive from the Mortgagor a chattel mortgage or such other security instrument as may be necessary covering such personal property and chattels.

4. The Mortgage shall bear interest at the rate of _____ percent per annum payable on the first day of each month on the outstanding balance of principal. The first payment to principal (Commencement of amortization) shall be due not later than the first day of the second month following the date of endorsement of the Mortgage for insurance. The Mortgage shall be payable on a level annuity basis by _____ monthly payments of principal and interest in the amount of _____. The maturity and final payment date shall be _____ years and _____ months following the due date of the first payment to principal.

5. The credit instrument and the security instrument to be insured shall be in the form prescribed by the Commissioner for use in connection with Section 207 loans in the locality in which the property is situated.

6. The Mortgagor must possess the powers necessary for operating the Project and meeting all the requirements of the Commissioner for insurance of the Mortgage. Prior to endorsement of the Mortgage for insurance, there shall be filed with the lender a copy of the

instrument under which the mortgagor entity is created (unless the Mortgagor is an individual) together with copies of all instruments or agreements necessary under the laws of the applicable jurisdiction to authorize execution of the Mortgage and the other closing documents, and a Regulatory Agreement or other instrument as will permit the lender's regulation of the Mortgagor as to rents, charges and methods of operation. Such instrument shall provide, among other things, for the establishment of a Reserve Fund for Replacements by payment of \$ _____ per annum to be accumulated monthly under the control of the lender, commencing on the date of the first payment to principal as established in the insured Mortgage unless a later date is agreed to by the lender. In addition to the per annum amount required to be accumulated monthly under control of the lender for the Reserve Fund for Replacements, there shall be an initial deposit in the amount of \$ _____ made to the Reserve Fund for Replacements by the Mortgagor prior to endorsement of the Mortgage for insurance.

7. If any repairs are to be made to an existing Project which require additional sewer, water, gas or electrical facilities, evidence satisfactory to the lender shall be submitted prior to endorsement of the Mortgage for insurance showing that adequate sewer, water, gas, and electrical facilities have been fully installed and that necessary public streets, sidewalks and curbing outside the Project site have been completed. All off-site-facilities or utilities required by the special conditions under this commitment shall be included in such evidence.

8. Prior to the endorsement of the Mortgage for insurance, evidence shall be submitted to the lender that the buildings, including electric wiring, plumbing, gas, and other appliances therein have been inspected and approved by all departments, boards, or agencies of the municipality, county or State, or other governmental bureaus or departments having jurisdiction thereof, and by the rating or inspection organization, bureau, association or body performing similar functions and that such certification as may be required with respect to the approval of the said buildings for occupancy and otherwise as may be required by the Commissioner have been issued to the Mortgagor.

9. Prior to the endorsement of the Mortgage for insurance, the lender shall be furnished with a current As-built survey duly certified to by a registered surveyor satisfactory to the lender and an up-dated Surveyor's Certificate showing that there are no easements or encroachments upon the subject property except those approved by the Commissioner and that the improvements of the Project are contained upon the land covered by the lender and within the building restriction lines, if any, on said land and do not encroach

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upon or overhang any land not covered by the Mortgage or beyond the said building restriction lines, if any, nor any easement or right-of-way. The survey shall also show the exact location of water, sewer, gas, electric mains, and all easements for such utilities then existing.

10. Upon endorsement of the Mortgage for insurance, the Mortgage must be current with respect to all payments required to be made by its terms, including all deposits required to be made with the lender for mortgage insurance premiums, fire, and other property insurance premiums, ground rents, water rates, taxes and other assessments; and there shall be in full force and effect fire and other property insurance as required by the insured Mortgage.

11. Upon endorsement of the Mortgage for insurance, the Mortgagor shall pay in advance a mortgage insurance premium equal to one percentum of the principal amount of the insured Mortgage to cover the first mortgage insurance premium and shall continue to make payments thereafter as required by the aforesaid Regulations.

12. Prior to endorsement of the Mortgage for insurance, the Mortgagor must certify under oath that in selecting tenants for the property covered by the Mortgage, the Mortgagor will not discriminate against any family by reason of the fact that there are children in the family, and that the Mortgagor will not sell the property while mortgage insurance is in effect unless the purchaser also so certifies and files such certification with the Commissioner. The mortgagor must also comply with the provisions of Title VIII of the Civil Rights Act of 1968, Executive Order 11063, Executive Order 11246, and all regulations issued pursuant to these laws.

13. Prior to endorsement of the Mortgage for insurance, the Mortgagor must certify under oath that so long as the Commissioner has any interest in the Mortgage transaction no part of any building will be rented for a period of less than 30 days or operated in such a manner as to offer any hotel services to any tenant in the building or buildings; and that the property will not be sold so long as the Commissioner retains any interest therein, unless the purchaser files with the Commissioner a like certification executed by such purchaser under oath.

14. If an operating deficit is required, upon endorsement of the Mortgage for insurance, the Mortgagor(s) shall execute Form FHA-2476a, Escrow Agreement - Additional. Contribution by Sponsors, showing a deposit of \$_____ in the form of cash, an unconditional irrevocable letter of credit issued to the depository by a banking institution, or United States bearer bonds. In the event a demand under the letter of credit is not promptly met, the lender shall immediately provide the cash equivalent to the undrawn balance thereunder.

15. The Mortgagor shall not be required to pay to the lender an initial service charge in excess of two percent (2%) of the original amount of the Mortgage.

16. This commitment shall expire _____, 19____, unless duly extended in writing by the lender and upon such expiration all rights and obligations of the respective parties shall cease.

17. Prior to the execution of any repair contracts relative to the subject Project, the Agreement and Certification Form Number _____ shall be executed by the Mortgagor and the lender and the Mortgagor shall be bound thereby with respect to any subsequent contracts or subcontracts. The commitment amount herein above is subject to appropriate reduction in accordance with the terms of the Agreement and Certification.

18. It is a condition of this commitment that any change in sponsorship upon which this commitment was predicated must be indicated in writing on behalf of the proposed substitute sponsor(s) and such request must be approved in writing by the lender.

19. In the event that additional code requirements are imposed by any state or local authority, after issuance of this commitment, that would cause the total cost of all required repairs to exceed fifteen percent (15%) of the total estimate of value after repairs, or the \$6,500 per unit repair limitation, this commitment shall be null and void.

20. Special Conditions:

This commitment and exhibits referred to herein together with the applicable HUD Regulations constitute the entire agreement between us, and acceptance of the terms hereof is evidenced by the signature and seal of the Mortgagor and lender upon the lines provided therefor below.

The above commitment to insure is hereby acknowledged by the undersigned, and we hereby agree to be bound by the terms thereof.

Attest

Mortgagor

By

Lender

Attest

By