

Mortgagor's Certificate

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner



03557

To: _____

Project Name: _____

- Nursing Home
- Intermediate Care Facility
- Board and Care Facility

Dear Sir:

The undersigned hereby agrees to accept a loan coinsured by you upon the terms set forth in your commitment dated _____, 19____, for the above captioned Project (hereinafter referred to as the "Project") and extensions and amendments thereof, and certifies to you and the Secretary of Housing and Urban Development as follows:

- 1) That the undersigned possesses the powers necessary for and incidental to the ownership, (construction, rehabilitation) and operation of a residential care facility as required by the provisions of the National Housing Act and the Regulations applicable thereto.
- 2) That the instrument securing said loan is a good and valid first lien on the property therein described and the mortgaged premises are free and clear of all liens other than that of the coinsured mortgage except those specifically permitted by you. That any such liens other than the coinsured mortgage (other than the liens of taxes and assessments of the State or subdivision of the State, not yet due or payable, or ground rents) do not have a priority equal or superior to the coinsured mortgage
- 3) That there will not be any additional obligations in connection with rehabilitation of, completion of, purchase of, repairs and improvements of the Project, or the mortgage transaction which exceed the limits set out in 24 CFR 252.504. Any additional obligations are represented by a promissory note on a form approved by HUD and such obligations are of a lesser priority for payment than the obligation for payment of the coinsured mortgage.
- 4) That the undersigned has read the Coinsuring Lender's Certificate and agrees to be bound by the terms thereof wherever applicable.
- *5) That, except as has been previously approved in writing by you, no construction has been commenced on the mortgaged premises prior hereto.
- *6) That the Project will be constructed in accordance with the terms of the Construction Contract, and with the "Drawings and Specifications" which include the "General Conditions of the Contract for Construction" prescribed by you, and the Supplementary Conditions of the Contract of Construction, three copies of which Contract, together with the "Master Set," and three sets of said "Drawings and Specifications" are herewith delivered to you as required by your Commitment.
- *7) The requests for payment of Mortgage money will be made to you on the basis of the "Contractor's and/or Mortgagor's Cost Breakdown" as set forth in the Construction Contract and the Building Loan Agreement. Further, that no material or equipment, for which mortgage proceeds will be available, will be purchased on a conditional sale contract or financed by a chattel mortgage, and that all work performed and material and equipment furnished will be paid for in cash following receipt of the advance of mortgage proceeds intended for these items.
- *8) That, as the construction of the Project progresses, the undersigned will procure and submit to you all necessary building and other permits from the legally constituted authorities and that all such permits now obtainable have been procured as witness the certified copies thereof hereby presented.
- *9) That the determination of the Department of Labor with respect to prevailing wages has been received by the undersigned and is included as a part of the aforesaid specifications for the construction of the Project, and all Contractors employed by the undersigned have been or will be fully advised prior to performance of any work that all laborers and mechanics employed on construction of the Project must be paid no less than such prevailing wages, and that each such Contractor, as a condition precedent to any payment to him, must certify in the form prescribed by the Commissioner that all laborers and mechanics employed by him or his subcontractors on the Project have been paid not less than such wages.
- 10) That the fees and expenses enumerated in the Coinsuring Lender's Certificate have been fully paid or payment provided for as set forth therein, and that the funds deposited with you, as enumerated in the said Coinsuring Lender's Certificate will be used for the purposes indicated herein
- 11) That you and the Department of Housing and Urban Development and its authorized representatives are hereby granted the right to enter upon the mortgaged premises at any and all times for the purposes of the inspection thereof
- *12) That occupancy of the Project in whole or in part will not be permitted without first having received your written permission and proper permits from all legal authorities having jurisdiction.
- 13) That the undersigned and anyone authorized to act for it shall comply with the provisions of Title VIII of the Civil Rights Act of 1968, as amended, and Executive Order 11063, and, that neither the undersigned nor anyone authorized to act for it will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the property covered by the Mortgage to any person because of race, color, religion, sex or national origin; that any restrictive covenant on such property relating to race, color, religion, sex, or national origin is recognized as being illegal and void and is hereby specifically disclaimed; and that civil action for preventive relief may be brought by the Attorney General in any appropriate U S District Court against any persons responsible for a violation of this certification

*For new construction/substantial rehabilitation projects only

- 14) That the undersigned will not discriminate on the basis of race, color, religion, sex or national origin against any employee or applicant for employment; and that any contract or subcontract executed for repairs and improvements shall contain a provision to this effect. In addition, the provisions of Executive Order 11246 and Title 41 CFR Part 60 shall apply, when appropriate.
- 15) That, from this date and for so long as the Mortgage is coinsured by HUD:
- a) The Project books and records will be established and maintained in accordance with the requirements of the Coinsuring Lender and HUD, and in such condition as to permit a speedy and effective audit.
 - b) Such books and records will be retained for such period as may be prescribed by the Coinsuring Lender and HUD.
 - c) Such books and records will be available to the Secretary, the Inspector General of HUD, the Coinsuring Lender, and the Comptroller General of the United States for such examination and audits as they may desire to make.
- 16) That the following reports will be filed with the Coinsuring Lender, verified by the signature of such officers of the Mortgagor as the Coinsuring Lender may designate, and in such form as prescribed by the Coinsuring Lender
- a) Complete annual financial reports based upon examination of the books and records of the Mortgagor, prepared in accordance with the requirements of the Secretary and the Coinsuring Lender, certified to by an officer of the Mortgagor and, when required by the Secretary, prepared and certified by a Certified Public Accountant, and submitted within 60 days after the end of each fiscal year
 - b) Monthly occupancy reports when required by the Coinsuring Lender
 - c) Specific answers to questions upon which information is desired from time to time relative to the actual cost of completion of the Project, the disposition of mortgage funds, the operation and condition of the property and the status of the coinsured mortgage.

- 17) **That if the scheduled date of the first payment to principal under the Mortgage is more than three months after the date the Project is determined by you as acceptably completed, the undersigned will submit an accounting for all receipts and disbursements for the period prescribed by HUD. The undersigned further agrees that any "net income" as defined by HUD for such period shall be applied to advance amortization or in such other manner as you may direct.
- 18) That the undersigned has not collected, nor will the undersigned collect, from Project residents or from prospective Project residents, admission fees, founders' fees, life-care fees or similar payments pursuant to any agreement, oral or written, whereby the undersigned agrees to furnish accommodations or services in the Project to persons making such payments.

Mortgagor

By _____
(Signature and Title Officer)

ATTEST

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**Not applicable for nonprofit.