

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION

REQUEST FOR PERMISSION TO COMMENCE CONSTRUCTION
PRIOR TO INITIAL ENDORSEMENT FOR MORTGAGE INSURANCE

(For use in all cases except Sec. 213 projects and Sec. 221(d)(3) Management and Investor-Sponsor Type Projects.)

TO THE FEDERAL HOUSING ADMINISTRATION

Re: Project No.

The undersigned mortgagor and contractor in connection with the subject project request the permission of the Federal Housing Administration to commence construction prior to the initial endorsement of the mortgage for insurance.

It is agreed that in consideration of such permission being granted, it will be upon the following terms and conditions:

1. All construction prior to the recordation of the insured mortgage is to be at the risk of the mortgagor.
2. In order to permit the assignment of a construction inspector, Federal Housing Administration will be notified of the date when construction is to commence, which is defined as that date upon which initial site clearance and preparation and/or excavation is begun, provided that such site clearance and related rough grading, etc., continues without appreciable delay from such date and is pursued diligently. Such facilities as are required for the construction inspector will be made available.
3. A release of liens will be furnished by the contractor and by each subcontractor who performed any work or services to the project, such release to be delivered to the mortgagee at the initial endorsement of the mortgage for insurance.
4. No work shall be commenced on construction of this project until such plans and specifications as may be deemed by the Federal Housing Administration to be sufficient to cover the work to be done prior to execution and recordation of the insured mortgage and the closing of the transaction have been filed with and accepted by the mortgagee and the Federal Housing Administration nor shall work on the project proceed beyond the scope indicated on the plans and specifications thus filed and accepted, until complete plans and specifications for the entire project shall have been approved and accepted by all parties.
5. No construction shall be commenced prior to execution of FHA Form No. 2482 by the contractor nor except pursuant to a current prevailing wage determination by the Secretary of Labor.
6. The inspection fee set forth in the Commitment for Insurance has been paid.
7. We hand you herewith executed Agreement and Certification (FHA Form No. 3305, 3305A, 3306 or 3306A, as the case may be).
8. There is submitted herewith a conformed copy of the executed construction contract (FHA Form No. 2442 or 2442A, as the case may be).
9. Permanent financing has either been arranged as evidenced by the attached copy of Lender's commitment; or an application for permanent financing has been filed with the Federal National Mortgage Association.
10. The project land is owned in fee simple (is subject to an approved leasehold).
11. The date upon which the commitment requires the first payment to principal to be made shall be considered amended so that the total period allowed therein for construction and occupancy shall begin on the first day of the first month after the date of execution of this agreement by the mortgagee.
12. It is understood that approval of this request by the FHA shall not be construed as varying the terms of the outstanding FHA commitment except to permit the commencement of construction prior to endorsement for mortgage insurance and as provided in paragraph 11, hereof, and the mortgage will not be endorsed unless all other commitment requirements are complied with.

Contractor

Date

Mortgagor

Date

The undersigned,
the mortgagee in the Commitment on the captioned project dated _____ consents to the foregoing request and agrees, in consideration of the Administration's approval, that all mechanics' and materialmen's liens and encumbrances filed or recorded before the first advance is made on said mortgage, will be discharged on record before any advances are made, or, if not so discharged, no advances will be made on said mortgage.

It is understood that the Federal Housing Commissioner will not be held to be responsible for any liens or any other objection to title which might result from the fact that construction of this project commenced prior to recordation of the insured mortgage, and shall not in any respect be deemed to have approved the title prior to closing of the transaction or to have waived in any way the provisions of the FHA Regulations which place the responsibility of mechanics' and materialmen's liens upon the mortgagee and the date of completion of the project shall be advanced as set forth in agreement # 11 foregoing.

Approved by _____

Title

Mortgagee

Title

Date