

Conditional Commitment Direct Endorsement Statement of Appraised Value

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

OMB Approval No. 2502-0494
(exp. 09/30/2007)

General Commitment Conditions

1. Maximum Mortgage Amount and Term:

(a) Occupant Mortgages: Mortgage amount and terms assume satisfactory owner-occupant mortgagor(s). They may be changed depending upon the rating of borrower, his/her income and credit.

(b) Changes: the Commissioner or Direct Endorsement (DE) Underwriter may, after reviewing pertinent information, change the mortgage amount and term.

2. Approval of Borrower: A determination for approval will be based upon receipt of acceptable application for mortgage credit analysis.

3. Validity Period: This document expires six months from the issue date in the case of an "existing" house or not more than twelve months from its date for "proposed" construction, or 203K rehabilitation loan. A shorter period may be imposed by HUD for proposed construction. All cases are classified as "existing"

or "proposed" for the purpose of determining expiration date. Accordingly a house, even though still under construction, may be classified as an existing house if it was not approved by HUD, VA, or a DE Lender prior to beginning of construction. Lower loan-to-value ratios will be applied unless construction exhibits are certified by builder as meeting applicable codes and HUD requirements and are covered by a HUD approved insured 10-year protection (warranty) plan.

4. Cancellation: This document may be cancelled after 60 days from the date of issuance if construction has not started.

5. Property Standards: All construction, repairs, or alterations proposed in the application or on the construction exhibits returned herewith must equal or exceed applicable codes and HUD requirements.

Information: The estimates of fire insurance and taxes are furnished for mortgagee's and mortgagor's information. They must be used to prepare the Addendum to the Uniform Residential Loan Application, form HUD-92900-A, when a firm commitment is desired.

Commitment Terms

Conditional Commitment for Mortgage Insurance under the National Housing Act, Sec.

See below

By:

Action Date

FHA Case No.

INST Case Ref. No.

Lender ID

Sponsor/Agent

Mortgagee

Est. Value of Prop.\$

Property Address:

Existing Proposed
(see gen. cond. 3)

Monthly Expense Estimate

Fire Insurance \$

Taxes \$

Commitment Issued

Commitment Expires

Improved Living

Area

Sq. Ft.

Condo. Com. Exp. ... \$

Total\$

Specific Commitment Conditions (Applicable when checked)

HUD's commitment to insure a mortgage on this property is dependent on the completion of the conditions listed below.

HUD Does Not Guarantee the work done to comply with the conditions.

Estimated Remaining Economic Life of this property is _____ years.

This property is, is not eligible for maximum financing (high loan-to-value ratio mortgage).

Manufactured Housing

Assurance of Completion: If the required repairs cannot be completed prior to submission of closing papers, form HUD-92300 made in the amount of \$ _____ (or such additional amount as the lender desires) may be established as the means to ensure completion.

See indicated additional items on attached:

See the following additional conditions on the back:

Public reporting burden for this collection of information is estimated to average seven minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Section 203 of the National Housing Act authorizes the Secretary of the Department of Housing and Urban

Development to insure mortgages on appraisal and commitment/direct endorsement statement of appraised value on a designated property. This form serves as the application for individual "proposed construction" and "existing construction" properties.

The Conditional Commitment / Direct Endorsement Statement of Appraised Value (Form HUD-92800.5B) sets forth the terms upon which the commitment/direct endorsement statement of appraised value is made and the specific conditions that must be met before HUD can endorse a Firm Commitment for Mortgage Insurance.

Responses to the collection of information are required to obtain mortgage insurance. Information contained in these collections will be used only for the purpose of determining the eligibility of a property for mortgage insurance. The information is considered confidential. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

Specific Commitment Conditions (Applicable when indicated on the front of this form)

- B. Proposed Construction:** The builder or mortgagee must notify the assigned Fee Inspector as appropriate (see items 11, 12, and 13 below).
- C. Warranty:** Form HUD-92544 is required on all new construction and shall be executed between the builder and the purchaser.
- D. Section 223:** This commitment is issued pursuant to Section 223(e).
- E. Health Authority Approval:** Submit local health authority approval (on a form or letter) indicating the individual water supply and/or sewage disposal system is acceptable.
- F. Reserved.**
- G. Prefabricator's Certificate:** The Lender shall provide a prefabrication certificate as required by the related engineering bulletin.
- H. Termite Control:** (Proposed Construction) If soil poisoning is used, the builder shall complete form HUD-92052, Termite Soil Treatment Guarantee, and transmit a copy to HUD or the Direct Endorsement Underwriter. The Mortgagee will deliver the original and a copy to the mortgagor at closing.
- 4. Flood Insurance Requirement:** This property is located in a special flood hazard area and must be covered by flood insurance in accordance with HUD regulation 24 CFR 203.16a.
- 5. Carpet Identification:** (as listed in Certified Products Directory) Manufacturer recommended maintenance program must be provided to the homebuyer.
- 6. Termite Control (Existing Construction):** A recognized termite control operator shall furnish certification using form NCPA-1, or State-mandated form, that the house and other structures within the legal boundaries of the property indicate no evidence of active termite infestation.
- 7. Code Enforcement:** The lender shall submit a statement from the public authority that the property meets local code requirements. If the mortgage on the property is to be insured under Section 221(d)(2), a code compliance inspection is required.
- 8. Repairs:** The lender shall notify the original appraiser upon completion of required repairs, unless otherwise instructed.
- 9. Lender's Certificate of Completion:** The lender shall furnish a certificate that required repairs have been examined and were satisfactorily completed.
- 10. Manufacturers Warranties** must be provided to the homebuyer covering heating/cooling systems, hot water heaters, ranges, etc.
- 11. Initial Inspection** (2 working days) is requested before the "beginning of construction" with forms in place.
- 12. Frame Inspection** (1 working day) is requested when the building is enclosed and framing, plumbing, heating, electrical, and insulation is complete and visible.
- 13. Final Inspection** is requested when construction is completed and the property ready for occupancy.
- 14. Insulation Certificate** must be posted in a conspicuous location in the dwelling.
- 15. The Insured Protection Plan Warranty Agreement** shall be executed between the builder and the homebuyer.
- 16.** The lender shall furnish a certificate of occupancy or letter of acceptance from the local building authority.

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INST Case Ref. No.

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Mortgagee

Est. Value of Prop.\$

Property Address:

Existing Proposed
(see gen. cond. 3)

Monthly Expense Estimate

Fire Insurance \$

Taxes \$

Commitment Issued

Commitment Expires

Improved Living

Area

Sq. Ft.

Condo. Com. Exp. ... \$

Total\$

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HUD Does Not Guarantee the work done to comply with the conditions.

Estimated Remaining Economic Life of this property is _____ years.

This property is, is not eligible for maximum financing (high loan-to-value ratio mortgage).

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See indicated additional items on attached:

See the following additional conditions on the back:

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- F. Reserved.**
- G. Prefabricator's Certificate:** The Lender shall provide a prefabrication certificate as required by the related engineering bulletin.
- H. Termite Control:** (Proposed Construction) If soil poisoning is used, the builder shall complete form HUD-92052, Termite Soil Treatment Guarantee, and transmit a copy to HUD or the Direct Endorsement Underwriter. The Mortgagee will deliver the original and a copy to the mortgagor at closing.
4. **Flood Insurance Requirement:** This property is located in a special flood hazard area and must be covered by flood insurance in accordance with HUD regulation 24 CFR 203.16a.
5. **Carpet Identification:** (as listed in Certified Products Directory) Manufacturer recommended maintenance program must be provided to the homebuyer.
6. **Termite Control** (Existing Construction): A recognized termite control operator shall furnish certification using form NCPA-1, or State-mandated form, that the house and other structures within the legal boundaries of the property indicate no evidence of active termite infestation.
7. **Code Enforcement:** The lender shall submit a statement from the public authority that the property meets local code requirements. If the mortgage on the property is to be insured under Section 221(d)(2), a code compliance inspection is required.
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9. **Lender's Certificate of Completion:** The lender shall furnish a certificate that required repairs have been examined and were satisfactorily completed.
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12. **Frame Inspection** (1 working day) is requested when the building is enclosed and framing, plumbing, heating, electrical, and insulation is complete and visible.
13. **Final Inspection** is requested when construction is completed and the property ready for occupancy.
14. **Insulation Certificate** must be posted in a conspicuous location in the dwelling.
15. **The Insured Protection Plan Warranty Agreement** shall be executed between the builder and the homebuyer.
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Attention Homebuyers This property is not FHA Approved and FHA does not warrant the condition or the value of the property. However, FHA will insure a mortgage on the property if certain conditions are met.

For Existing Houses: If you are buying a house which has been lived in before, be sure the house is in acceptable condition before signing a purchase contract. An appraisal is made only to estimate the value of the property. This appraisal does not guarantee that the house is free from defects. HUD cannot give you money for repairs so you must protect yourself before you buy. **You** should inspect the property carefully. If you need help, a private home inspection service can be hired in many localities. Look in the telephone book for such services. **FHA does not perform home inspections.**

For New Homes: If you are buying a new home, HUD requires the builder to provide a one-year warranty. Please read carefully the information on the back of this form under the heading "new construction."

Fair Housing & Equal Opportunity Hotline: (800) 424-8590

The law requires that borrowers using HUD-insured financing must receive a copy of this form **prior to** the purchase of property.

Grace Period: If this application is rejected, the lender may request reconsideration within 60 days of the last rejection date. Where a sales contract is signed prior to the expiration of the Conditional Commitment/Direct Endorsement Statement of Appraised Value, a lender has 30 days to process or submit an application to the Field Office for a Firm Commitment. A Firm Commitment with a term of 90 days may be issued.

Estimated Value of Property : The amount HUD considers the property to be worth.

Monthly Expense Estimates: The estimated amounts you will pay for hazard/fire insurance and real estate taxes. If you are buying within a condominium or planned unit development, this also includes the condominium or homeowners association fees that you must pay.

Commitment Terms

Conditional Commitment for Mortgage Insurance under the National Housing Act, Sec.

See below

By:

Action Date
FHA Case No.
INST Case Ref. No.

Lender ID
Sponsor/Agent

Mortgagee

Est. Value of Prop.\$

Property Address:

Existing Proposed
(see gen. cond. 3)

Monthly Expense Estimate

Fire Insurance \$
Taxes \$

Commitment Issued
Commitment Expires
Improved Living
Area Sq. Ft.

Condo. Com. Exp. ... \$
Total\$

Specific Commitment Conditions (Applicable when checked)

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HUD Does Not Guarantee the work done to comply with the conditions.

Estimated Remaining Economic Life of this property is years.

This property is, is not eligible for maximum financing (high loan-to-value ratio mortgage).

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See indicated additional items on attached:

See the following additional conditions on the back:

This form must be delivered to the borrower promptly, but no later than at the time of the borrower's signing of the Uniform Residential Loan Application (URLA) and Addendum (form HUD-92900-A).

Specific Commitment Conditions (Applicable when indicated on the front of this form)

- B. **Proposed Construction:** The builder or mortgagee must notify the assigned Fee Inspector as appropriate (see items 11, 12, and 13 below).
 - C. **Warranty:** Form HUD-92544 is required on all new construction and shall be executed between the builder and the purchaser.
 - D. **Section 223:** This commitment is issued pursuant to Section 223(e).
 - E. **Health Authority Approval:** Submit local health authority approval (on a form or letter) indicating the individual water supply and/or sewage disposal system is acceptable.
 - F. **Reserved.**
 - G. **Prefabricator's Certificate:** The Lender shall provide a prefabrication certificate as required by the related engineering bulletin.
 - H. **Termite Control (Proposed Construction):** If soil poisoning is used, the builder shall complete form HUD-NPCA-99-A, Termite Soil Treatment Guarantee, and transmit a copy to HUD or the Direct Endorsement Underwriter. The Mortgagee will deliver the original and a copy to the mortgagor at closing.
- 4. **Flood Insurance Requirement:** This property is located in a special flood hazard area and must be covered by flood insurance in accordance with HUD regulation 24 CFR 203.16a.
 - 5. **Carpet Identification:** (as listed in Certified Products Directory) Manufacturer recommended maintenance program must be provided to the homebuyer.
 - 6. **Termite Control:** (Existing Construction) A recognized termite control operator shall furnish certification using form NPMA-33, or State-

mandated form, that the house and other structures within the legal boundaries of the property indicate no evidence of active termite infestation.

- 7. **Code Enforcement:** The lender shall submit a statement from the public authority that the property meets local code requirements.
- 8. **Repairs:** The lender shall notify the original appraiser upon completion of required repairs, unless otherwise instructed.
- 9. **Lender's Certificate of Completion:** The lender shall furnish a certificate that required repairs have been examined and were satisfactorily completed.
- 10. **Manufacturers Warranties** must be provided to the homebuyer covering heating/cooling systems, hot water heaters, ranges, etc.
- 11. **Initial Inspection** (2 working days) is requested before the "beginning of construction" with forms in place.
- 12. **Frame Inspection** (1 working day) is requested when the building is enclosed and framing, plumbing, heating, electrical, and insulation is complete and visible.
- 13. **Final Inspection** is requested when construction is completed and the property ready for occupancy.
- 14. **Insulation Certificate** must be posted in a conspicuous location in the dwelling.
- 15. **The Insured Protection Plan Warranty Agreement** shall be executed between the builder and the homebuyer.
- 16. The lender shall furnish a certificate of occupancy or letter of acceptance from the local building authority.

Advice to Homebuyers If your application was processed by a Direct Endorsement (DE) lender, you should first contact them for assistance before calling HUD.

Prepaid Items: These are charges that normally will be paid at closing and are recurring in nature. They include such items as funds for real estate taxes and hazard insurance. The amount of these items will vary depending upon the closing date. No estimate is provided with this statement.

Escrow Account: This is a special account that your lender will keep on your behalf to save the necessary funds to pay certain future bills. Your mortgage payment will include, in addition to an amount for interest and principal, amounts to cover such items as property taxes, hazard insurance, and, for certain FHA programs, the mortgage insurance premium. These charges are collected in advance so that your lender will have enough money in the account to apply the charge when it comes due. Generally, 1/12 of the next year's estimated charges will be the amount collected with each of your monthly mortgage payments. Bear in mind that in most communities taxes and other operating costs are increasing. The estimates should give some idea of what you can expect the costs to be at the beginning. In some areas the estimate of taxes may also include charges such as sewer charges, garbage collection fee, water rates, etc.

Mortgage Insurance Premium: The amount for insuring your mortgage. The premium may be in the form of an upfront charge and/or a monthly charge depending upon the section of the Housing Act under which your mortgage is insured. Your lender can provide you with specific information about your transaction.

Weatherization. Contact your local utility company or other qualified person or firm for home energy audit. If energy-related improvements are required, the value of your property may be increased to include the following: thermostats; insulation wrap for water heaters; insulation of ducts and pipes in unheated spaces of heating/cooling systems; attic insulation; insulation for floors and foundation walls; installation of weather-stripping/caulking; installation of storm windows/doors. The value may be increased by up to: (a) \$2,000 without a separate value determination; (b) \$3,500 if supported by a value determination by an approved appraiser; or (c) more than \$3,500 subject to value determination by the VA/HUD, as applicable, and subsequent endorsement of the VA Certificate of Reasonable Value, HUD Conditional Commitment, or Statement of Appraised Value.

Sales Contract: It is expressly agreed that notwithstanding any other provisions of this contract, the purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the purchaser has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Veterans Administration, or a Direct Endorsement lender setting forth the appraised value of the property of not less than

Estimated Monthly Expenses: These are costs associated with homeownership which HUD believes the home-owners will have to pay when living in the property. Two examples of "estimated monthly expenses" are fire insurance and taxes, which are paid to your lender each month as part of your mortgage payment. These are put into your escrow account.

Other Costs of Homeownership: Utilities are usually paid monthly to whomever provides the service. Also, you should save a certain amount each month to cover repair and maintenance costs which will come up while you own your home.

Late Payments: If you do not pay your mortgage payment within 15 days from the 1st day of the month, you can be charged a penalty. This may be 4 cents for each dollar of your payment.

New Construction: After specifications are accepted by HUD or a direct endorsement lender, the builder is required to warrant that the house substantially conforms to approved plans and specifications. This warranty is for 1 year following the date on which title is transferred to the original buyer or the date on which the house was first lived in, whichever happens first. If, during the warranty period, you notice defects for which you believe the builder is responsible, ask him in writing to fix them. If he does not fix them, write your lender or HUD. Include your FHA case number. If inspection shows the builder to be at fault, your lender or HUD will try to persuade him to fix the defect. If he does not, you may be able to obtain legal relief under the builder's warranty. Where a structural defect is involved, HUD can provide money for corrections under certain conditions. You cannot expect the builder to fix damage caused by ordinary wear and tear or by poor maintenance. Keeping the house in good condition is your responsibility.

\$_____. The purchaser shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value nor the condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable.

Amount to be Borrowed When you borrow to buy a home, you pay interest and other charges which add to your cost. A larger downpayment will result in a smaller mortgage. Borrow as little as you need and repay in the shortest time.