

Escrow Agreement
 Unpaid Construction Costs, Repairs
 or Needs Assessment Repairs

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

OMB No. 2502-xxxx (Exp. xx/xx/xxxx)

Whereas, _____
 is the mortgagor of a project located in _____, and
 identified as Project Number _____, which has been constructed, repaired, assessed from the proceeds of a mortgage
 (or deed of trust) from _____, with
 respect to which mortgage the Assistant Secretary - Federal Housing Commissioner has finally endorsed for insurance, and,

Whereas, the final endorsement is conditioned upon assurance that additional funds be made available for project purposes. These additional funds are for the payment of (check the appropriate box):

- A. Unpaid construction costs, resulting from the project during the period from initial endorsement (Start of Construction for Insurance Upon Completion cases) to the cut off date established for cost certification purposes (where cost certification is required).
- B. Non-critical repairs under Section 223(f),
- C. Non-critical Preservation Capital Needs Assessment (PCNA) repairs under Section 241(f), Title II or Title VI.

Now, Therefore, This Agreement Witnesses:

1. That the mortgagor has deposited with (name of Depository), _____,
 _____,
 located at (address) _____

\$ _____, receipt of which is hereby
 acknowledged by the Depository, to be held and disbursed by the
 Depository as herein set out.

- 2. The escrow amount of unpaid, but completed construction costs must equal the amount owed. In determining the amount of such deposit, effect will be given to the mortgagor's outstanding liabilities as reported on form HUD-2023, Request for Final Endorsement of Credit Instrument or HUD-2455 (For Insurance Upon Completion Projects Only).
- 3. The repair and PCNA escrows must equal 150 percent of the cost of uncompleted repairs, of which 100 percent must be in the form of cash and 50 percent may be in cash or an acceptable letter of credit issued by another banking institution and is unconditional and irrevocable. The Depository shall be solely responsible for any losses that may occur in connection with the call on the letter of credit, accepted by the Depository for completion of repairs. If demand under the letter of credit is not immediately met, the depository will forthwith provide cash equivalent to the undrawn balance thereunder without recourse to the mortgagor, any

sponsor, the general contractor or the architect. The amount(s) claimed for disbursement is subject to surcharge if funds have been disbursed in a manner or for purposes not in compliance with the intent. Of the 150 percent, 50% must be retained until all the repairs or PCNA work is completed.

- 4. The escrow shall be held subject to disbursement at the direction of the Assistant Secretary-Commissioner for a period of _____ months following final endorsement of the mortgage loan for insurance plus any additional period by which payment of construction cost is estimated by the mortgagor to be in dispute or under litigation.
- 5. Disbursements from the escrow may be authorized by the Commissioner or Designee, utilizing form HUD-92464, Request for Approval of Advance of Escrow Funds, to meet any established cost for which the escrow deposit was intended. An itemization of unpaid construction/repair costs must be included as attachment "A" to this agreement.
- 6. The balance remaining in the escrow deposit will be subject to immediate application to the mortgage debt in part or total in the event that certification of the disbursements is not completed and received within the time prescribed in paragraph 4 and the HUD approved costs do not support the mortgage.
- 7. **It Is Further Understood And Agreed** that the Depository will hold and disburse this escrow at the sole direction of the Assistant Secretary-Commissioner.

Name of Mortgagor:	Signature & Title of Authorized Agent & Date:
Name of Authorized Agent:	X
Name of Depository:	Signature & Title of Authorized Agent & Date:
Name of Authorized Agent:	X
U.S. Department of Housing and Urban Development	Signature & Title of Authorized Agent & Date: X