

**Agreement for Payment
of Real Property Taxes**
Section 232

**U.S. Department of Housing
and Urban Development**
Office of Residential
Care Facilities

OMB Approval No. 9999-9999
exp. mm/dd/yyyy)

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This AGREEMENT made this ___ day of _____, 20___, by and between _____ (“Borrower”), and _____ (“Lender”) (which designations shall include the respective successors and assigns and successors in interest of the parties hereto),

WITNESSETH:

WHEREAS, the Lender desires to lend the Borrower, an entity formed for the purpose of constructing and operating a facility known as _____ hereinafter referred to as “Project,” the sum of \$ _____, to be evidenced by a note in said amount and secured by a mortgage and security agreement dated _____; and

WHEREAS, the said note is to be endorsed for mortgage loan insurance pursuant to Section 232 of the National Housing Act by the Secretary of Housing and Urban Development acting by and through the Federal Housing Commissioner, hereinafter referred to as “FHA,” and

WHEREAS, the Borrower claims that the Project has received or will receive abatement or exemption from real estate taxes; and

WHEREAS, the Lender is unwilling to lend the aforesaid mortgage loan amount to the Borrower and the FHA is unwilling to insure the mortgage loan unless the parties execute this Agreement assuring the payment of taxes in the event the Project does not obtain or loses its abatement or exemption from real estate taxes during the term of the loan.

NOW THEREFORE, in order to induce the FHA to endorse the above described note for mortgage insurance, the parties agree as follows:

1. In the event the Project does not obtain or loses its abatement or exemption from real estate taxes during the term of the loan:
 - a. Borrower shall, upon the demand of the Lender or the FHA pay real estate taxes as they become due,
 - b. Borrower shall not pay real estate taxes without the prior written approval of the FHA.

2. If the Borrower fails to pay real estate taxes as they become due, then, upon demand of the Lender or the FHA, Borrower shall pay to the Lender the lump sum of \$_____ to be used in the manner specified in paragraph 4 hereof. (The amount of the lump sum payment shall be approved by FHA and shall be sufficient to reduce the mortgage loan to an amount which would permit the mortgage loan to be carried by the Borrower on a tax paying basis.)
3. If the Borrower fails to perform in accordance with paragraphs 1 and 2 hereof, and the Lender assigns the mortgage loan to FHA or the Lender acquires title to the Project and delivers title to the FHA, all in accordance with applicable FHA regulations, this Agreement shall assigned by the Lender to the FHA, and the FHA, as the holder of the defaulted mortgage loan or as the owner of the Project, as the case may be, shall have the right to make demand upon the Borrower for performance hereunder and to pursue to judgment and collection any failure to honor such demand. Such right of the FHA shall survive any actions, including foreclosure, which may have been taken by the Lender, its successor and assigns or by the FHA.
4. If the Lender is paid the lump sum specified in paragraph 2 hereof prior to the assignment of the mortgage loan to FHA or prior to the Lender's acquisition of title to the Project, the Lender shall use the sum received (a) to pay any real property taxes which are due and payable and (b) to apply the balance as a prepayment on the mortgage loan without penalty. The Lender agrees that, upon prepayment, it will recast the mortgage loan and the Borrower's obligation hereunder shall be terminated.
5. The Borrower reserves the right hereunder to pay at any time the lump sum specified in paragraph 2 hereof to the Lender and thereby terminate all of its obligations under this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument.

ATTEST:

Borrower:

(insert appropriate signature block)

ATTORNEY'S OPINION

Federal Housing Administration
Washington, DC

Date: _____

Re: _____

FHA Project Number

Project Name

Project Location

Gentlemen:

I am the attorney for the Borrower named in the forgoing Agreement. I have reviewed the Agreement, the corporate charter, bylaws, authorizing resolutions and other related documents of the Borrower. Based on such review, it is my opinion that the Borrower is a valid existing entity; that it has the authority to enter in the Agreement; that the Agreement has been legally executed by the persons authorized to execute the same; and that the Agreement is a legally binding instrument.

Attorney for Borrower