

**Request for Endorsement of  
Credit Instrument & Certificate  
of Lender, [and] Borrower [&  
General Contractor]  
Section 232**

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

OMB Approval No. 2502-0605  
(exp. 03/31/2018)

**Public reporting** burden for this collection of information is estimated to average 1 hour. This includes the time for collecting, reviewing, and reporting the data. The information is being collected to obtain the supportive documentation which must be submitted to HUD for approval, and is necessary to ensure that viable projects are developed and maintained. The Department will use this information to determine if properties meet HUD requirements with respect to development, operation and/or asset management, as well as ensuring the continued marketability of the properties. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

**Warning:** Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

Project Name:

FHA Project Number:

Project Address:

Date of Firm Commitment:

Lender:

Borrower:

**To the U.S. Department of Housing and Urban Development (“HUD”):**

1.

**GENERAL**

The entities executing this Request for Endorsement of Credit Instrument (this “**Request**”) are \_\_\_\_\_, Lender under that certain Borrower’s Security Instrument dated \_\_\_\_\_, 20\_\_;  
\_\_\_\_\_, Borrower under the Borrower’s Security Instrument [; and, in cases involving insurance upon completion, \_\_\_\_\_, General Contractor the entity responsible for construction or substantial rehabilitation of the Project]. The parties hereto understand that the Borrower’s Security Instrument, the Note, this Request, and any documents submitted with this Request are considered to be consistent with and shall be interpreted consistently with HUD’s regulations as they pertain to the Contract of Insurance. The parties hereto agree to be bound by Program Obligations. (The definition of any capitalized term or word used herein can be found in this Request, the Borrower’s Regulatory Agreement between Borrower and HUD, the Note, and/or the Borrower’s Security Instrument, except that the term “**Program Obligations**” means (1) all applicable statutes and any regulations issued by HUD pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Request rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are

36 available on HUD's official website: <http://www.hud.gov/offices/adm/hudclips/index.cfm> or a successor  
37 location to that site.

## 38 39 **I. CERTIFICATE OF LENDER.**

### 40 41 **A. LENDER SUBMISSIONS AND REPRESENTATIONS.**

42  
43 **1.** Lender submits separately a payment to HUD for \$\_\_\_\_\_ covering the first mortgage  
44 insurance premium, together with the other items called for in the Firm Commitment dated as of the date set  
45 forth above, and in any extensions or amendments thereof. Lender certifies that all conditions of the Firm  
46 Commitment have been fulfilled to date, including any work done prior to endorsement of the Note that has  
47 been approved by HUD, in writing, and all HUD-imposed conditions have been met with respect to such work.  
48 Future mortgage insurance premiums shall be payable at \_\_\_% per annum.

49  
50 **2.** Lender submits separately the appropriate financing statement(s) covering all of the Mortgaged  
51 Property that, under applicable law, may be subject to a security interest under the Uniform Commercial Code  
52 (“UCC”), whether acquired now or in the future, and all products and cash proceeds and non-cash proceeds  
53 thereof (“UCC Collateral”).

54  
55 **3.** Lender submits separately a certified survey of the Mortgaged Property, if required by HUD, and  
56 a title policy as specified in Program Obligations together with evidence that the Mortgaged Property is  
57 properly zoned.

58  
59 **4.** Lender agrees that the amount approved for disbursement by HUD shall not be released unless  
60 the current endorsement to the title policy, insuring Lender and HUD, evidences that (a) the lien of the  
61 Borrower’s Security Instrument is prior to all liens and encumbrances that may have attached or defects that  
62 may have arisen subsequent to the recording of the Borrower’s Security Instrument, except such liens or other  
63 matters approved by HUD, including tax liens not delinquent, and (b) the lien of the Borrower’s Security  
64 Instrument is prior to all mechanics’ and materialman’s liens filed of record subsequent to the recording of the  
65 Borrower’s Security Instrument, regardless of whether such liens attached prior to the recording date.

66  
67 **5.** Lender agrees to: (a) obtain the prior written approval and/or consent of HUD in those instances  
68 required in the Borrower’s Security Instrument; (b) furnish HUD with all pleadings, reports and data in those  
69 instances required in the Borrower’s Security Instrument, including but not limited to the physical inspection  
70 report of the Mortgaged Property, except for physical inspections performed by HUD or on behalf of HUD, and  
71 financial reporting data; and (c) furnish HUD with a copy of any application by Lender for the appointment of a  
72 receiver pursuant to the Borrower’s Security Instrument and all related pleadings.

73  
74 **6.** Lender agrees to furnish a copy of this Request to any successors and assigns of Lender and  
75 agrees that, in any contract for sale or assignment of the Borrower’s Security Instrument to a successor lender  
76 (for purposes of servicing the Loan only), the successor lender shall agree to be bound by the provisions of this  
77 Request that relate to the servicing of the Loan.

78  
79 **7.** To the best of our knowledge and information, all required repairs, construction, and/or  
80 rehabilitation have been completed in accordance with Program Obligations, [Plans and Specifications, and per  
81 the final HUD approved as-built Drawings submitted to HUD on (date)\_\_\_\_,] except for [such items approved

82 by HUD for delayed completion or] non-critical deferred repairs as indicated on a separate schedule attached  
83 hereto as Exhibit\_\_\_\_.

84  
85 **8.** Impound accounts for taxes, insurance and mortgage insurance premiums have been established  
86 and are adequately funded.

87  
88 **9.** Lender agrees (a) to require Borrower to keep the Mortgaged Property insured at all times  
89 against such hazards as Lender and HUD may from time to time require and as set forth in the Borrower's  
90 Security Instrument, and (b) to notify HUD of any known payments made by an insurer.

91  
92 **10.** Lender certifies that all insurance policies on the Project comply with the terms of the  
93 Borrower's Security Instrument and, where applicable, that those insurance policies have attached thereto a  
94 standard mortgagee clause making the loss payable to Lender, as its interest may appear, and where applicable,  
95 Lender is shown as an additional insured. If Lender determined that any of the Improvements are located in an  
96 area identified by the Federal Emergency Management Agency (or any successor to that agency) as an area  
97 having special flood hazards, Lender certifies that it has collected a receipt from the insurance company  
98 providing flood insurance evidencing payment for the premium.

99  
100 **11.** The term "**Financing Charge(s)**," as used herein shall mean any charge, direct or indirect, for  
101 supplying the Loan to Borrower or servicing the Loan for HUD, Ginnie Mae, a third-party investor or Lender's  
102 own account. In the event Lender agrees, upon request of Borrower, to invest replacement reserve funds or any  
103 other funds, or to perform other administrative services for the benefit of Borrower or HUD, or in the event that  
104 Lender agrees or is required by HUD to provide services which were not customarily provided by HUD lenders  
105 as of the date hereof, it may charge such fees and charges as are customarily charged for the performance of  
106 such services.

107  
108 **12.** If the Borrower's Security Instrument is assigned to HUD under the Contract of Insurance, HUD  
109 shall not be bound by the requirements of this Request.

110  
111 **13.** Lender agrees to promptly review any request from Borrower to transfer the Project and not  
112 unreasonably withhold its approval of such transfer. If HUD approves the transfer, Lender agrees to execute a  
113 release and assumption agreement or a security instrument modification agreement incorporating any new  
114 Borrower's Regulatory Agreement into the existing Borrower's Security Instrument. It is understood that  
115 Lender's consent to the transfer shall in no way prejudice Lender's rights under the Contract of Insurance with  
116 HUD.

117  
118 **14.** Lender agrees (a) to notify HUD in writing immediately upon learning of any Violation by  
119 Borrower of the Borrower's Regulatory Agreement, (b) that Violations under the terms of the Borrower's  
120 Regulatory Agreement may only be treated as a default under the Borrower's Security Instrument where HUD  
121 requests Lender to do so, and (c) following a Declaration of Default by HUD under the Borrower's Regulatory  
122 Agreement and upon the request by HUD, Lender, may declare the entire Indebtedness to be due and payable.

123  
124 **15. Inspection fee.**

125  
126  (a) We have collected cash in the amount of \$\_\_\_\_\_ for the inspection fee required by the Firm  
127 Commitment and have remitted such amount to you.

128  
129  
130  
131  
132  
133  
134  
135  
136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147  
148  
149  
150  
151  
152  
153  
154  
155  
156  
157  
158  
159  
160  
161  
162  
163  
164  
165  
166  
167  
168  
169  
170  
171  
172  
173

(b) Lender is approved for delegated Non-Critical Repair Escrow administration and has elected to follow the optional process for delegated non-critical repair escrow administration. Therefore, an inspection fee is not required.

[For use in Section 223(a)(7) transactions where all or a portion of the prepayment penalty for the existing loan is being funded from a premium on the new loan:]

16. A prepayment premium of \$\_\_\_\_\_ is due and payable from Borrower in connection with the prepayment of the existing HUD-insured loan for the Project. A portion of this prepayment premium in the amount of \$\_\_\_\_\_ shall be funded by us on behalf of Borrower (we will receive such amount from the proceeds of a premium generated through the issuance and sale of Ginnie Mae mortgage-backed securities with respect to the loan).

**B. FEES AND CHARGES BY LENDER.**

The charges enumerated on a separate schedule prepared by Lender are attached hereto as Exhibit\_\_\_\_. Such charges (i) have been collected in cash or will be so collected not later than the date of endorsement; (ii) will be disbursed from proceeds of the Loan; or (iii) will be collected or disbursed as otherwise set forth in Program Obligations.

**C. ESCROWS AND DEPOSITS HELD BY LENDER.**

1. Borrower has deposited with Lender, or subject to the control and order of Lender in a depository satisfactory to Lender, in accordance with Program Obligations, the following sums required by the Firm Commitment: (Check and complete applicable subsections.)

(a) Escrow deposit guaranteeing payment for off-site facilities in the amount of \$\_\_\_\_\_. This deposit is in the form of [cash/letter of credit]. The Escrow Agreement for Off-Site Facilities is dated \_\_\_\_\_, 20\_\_, and is executed by \_\_\_\_\_.

(b) Lender has received from Borrower a working capital deposit in the form of [cash/letter of credit] in the sum of \$\_\_\_\_\_, which Lender agrees to maintain and control. Funds in this deposit may be released or allocated for the purposes indicated in the Escrow Agreement for Working Capital (dated \_\_\_\_\_, 20\_\_, and executed by \_\_\_\_\_) and for no other purpose unless Lender obtains the prior written approval of HUD.

(c) Lender has [collected from Borrower in cash and/or a letter of credit OR [set aside from the final disbursement of proceeds of the Loan] funds totaling [one hundred fifty percent (150%) of the amount necessary to complete the items of delayed completion] OR [one hundred twenty percent (120%) of the amount necessary to complete non-critical, deferred repairs] described in Section I.A.7, above. The [Escrow Agreement for Incomplete-Construction] OR [Escrow Agreement for Non-critical Deferred Repairs] is submitted separately.

174  
175  
176  
177  
178  
179  
180  
181  
182  
183  
184  
185  
186  
187  
188  
189  
190  
191  
192  
193  
194  
195  
196  
197  
198  
199  
200  
201  
202  
203  
204  
205  
206  
207  
208  
209  
210  
211  
212  
213  
214  
215  
216  
217  
218

- (d) **Reserve for Replacement.**
  - We have collected cash in the amount of \$\_\_\_\_\_ for the initial deposit to the Reserve for Replacement required by the Firm Commitment.
  - [Typical in 223(a)(7) transactions:] Funds held in the reserve for replacement account existing with respect to the Project under HUD Project No. \_\_\_\_\_ [old HUD Project Number] in the approximate amount of \$\_\_\_\_\_ are being transferred to the Reserve for Replacement for the Project in accordance with the Borrower's Regulatory Agreement. An additional sum of \$\_\_\_\_\_ is being deposited into the Reserve for Replacement in connection with closing.

**and/or**

- (e) **Residual Receipts.**

[Typical for 223(a)(7) transactions:] Funds held in the residual receipts account existing with respect to the Project under HUD Project No. \_\_\_\_\_ [old HUD Project Number] in the approximate amount of \$\_\_\_\_\_ are being transferred to the Residual Receipts account for the Project.
- (f) Lender has [collected from Borrower] OR [set aside from the disbursement of proceeds of the Loan] a long-term debt service reserve in the sum of \$\_\_\_\_\_ [amount identified in the Firm Commitment], which Lender agrees to maintain and control.
- (g) Lender has collected from Borrower a short-term debt service reserve in the form of [cash/letter of credit] in the sum of \$\_\_\_\_\_ [amount identified in the Firm Commitment], which Lender agrees to maintain and control.
- (h) Lender has collected from Borrower a long-term debt service reserve in the form of [cash/letter of credit] in the sum of \$\_\_\_\_\_ [amount identified in the Firm Commitment], which Lender agrees to maintain and control.

**2.** Lender submits separately: (check the applicable subsections.)

- (a) Off-site bond in the amount of \$\_\_\_\_\_.
- (b) Evidence to the effect that required off-site utilities and streets will be provided by the public authorities having jurisdiction or by public utility companies serving the Project.

**3.** As required by the Firm Commitment, Lender submits separately: (If required, check and complete the applicable subsections.)

- (a) The sponsor's guarantee to meet an initial operating deficit, dated \_\_\_\_\_, 20\_\_, and executed by \_\_\_\_\_.

219  (b) Escrow Agreement for Operating Deficit evidencing a [cash/letter of credit] deposit in the  
220 amount of \$\_\_\_\_\_, dated \_\_\_\_\_, 20\_\_\_\_, and executed by \_\_\_\_\_.

221  
222 4. List any other escrows:

223  
224 5. Beginning with the date on which the first payment toward amortization is required to be made  
225 by the terms of the Loan or at such later date as may be agreed to by HUD in writing, Lender shall require a  
226 monthly deposit with Lender or in a depository satisfactory to Lender in accordance with Program Obligations  
227 of the sum required by the Borrower's Regulatory Agreement constituting a Reserve for Replacement, which  
228 account shall be subject to Lender's order and from which account withdrawals may be made only upon the  
229 receipt of the prior written approval of HUD. Lender acknowledges that the amount of the monthly deposit  
230 may be increased or decreased from time to time at the direction of HUD in accordance with Program  
231 Obligations. Such funds shall at all times remain under the control of Lender or Lender's designee, whether in  
232 the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States  
233 of America, or in such other investments as may be allowed by HUD, and shall be held in accounts insured or  
234 guaranteed by a federal agency and in accordance with Program Obligations. Notice of any failure to receive  
235 the required deposits shall be forwarded to HUD within sixty (60) days of the date such deposits are due.  
236

237 6. In cases where a Residual Receipts account is required with respect to the Loan under the  
238 Borrower's Regulatory Agreement, Lender shall deposit or place in a depository satisfactory to Lender, in  
239 accordance with Program Obligations, all funds received from Borrower for deposit therein. The Residual  
240 Receipts account shall be subject to the control of Lender or Lender's designee, and withdrawals may be made  
241 only with the prior written approval of HUD. These funds shall be held in an interest-bearing account, whether  
242 in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United  
243 States of America, or in such other investments as may be allowed by HUD, which shall be insured or  
244 guaranteed by a federal agency and in accordance with Program Obligations. Lender agrees to notify HUD in  
245 writing of any non-compliance with Program Obligations with respect to such Residual Receipts account  
246 immediately when known to Lender.  
247

248 7. In cases where a debt service reserve account is required with respect to the Loan under the  
249 Borrower's Regulatory Agreement, Lender shall deposit or place in a depository satisfactory to Lender, in  
250 accordance with Program Obligations, all funds received from Borrower for deposit therein. The debt service  
251 reserve account shall be subject to the control of Lender or Lender's designee, and withdrawals may be made  
252 only with the prior written consent of HUD. These funds shall be held in an interest-bearing account, whether  
253 in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United  
254 States of America, or in such other investments as may be allowed by HUD, and shall be held in accounts  
255 insured or guaranteed by a federal agency and in accordance with Program Obligations. Lender agrees to notify  
256 HUD in writing of any non-compliance with Program Obligations with respect to such debt service reserve  
257 account immediately when known to Lender.  
258

#### 259 **D. CERTIFICATIONS AND AGREEMENTS.**

260  
261 1. Lender certifies and agrees that no Financing Charges other than charges disclosed herein have  
262 been or shall be made.

263  
264 Lender further certifies and agrees that: *(Check and complete the following applicable subsections)*

265  
266  (a) Lender has not imposed and will not impose a Financing Charge of any kind directly or  
267 indirectly, other than the initial service charge.

268  
269  (b) Lender, as permanent lender, has collected a permanent placement fee. In addition to the initial  
270 service charge and permanent placement fee, Lender has collected in the form of [cash/letter of credit] a  
271 discount or Financing Charge for the permanent loan. The amounts of each service charge are shown on  
272 Exhibit\_\_\_\_\_.

273  
274  (c) The Project shall be financed with [tax exempt/taxable] bonds. Therefore, Lender has collected  
275 in the form of [cash/letter of credit] the amount of \$\_\_\_\_\_ and has distributed or shall distribute from  
276 Loan proceeds and/or other sources the amount of \$\_\_\_\_\_ to cover the costs of issuance. A statement is  
277 attached as Exhibit\_\_\_ itemizing these costs with an explanation of the necessity of each cost and the source of  
278 the funds.

279  
280  (d) Additional Financing Charges or discount(s) are to be collected, and are listed on Exhibit\_\_\_\_,  
281 attached hereto for the purpose shown in subsections (b), (c), (d), (e), or (f). (*Strike inapplicable letters.*) The  
282 arrangement for the collection of additional Financing Charges or discount must comply with Program  
283 Obligations and utilize forms prescribed by HUD.

284  
285  (e) The Note rate includes a servicing fee payable to Lender monthly during the life of the Loan  
286 (“**Servicing Fees**”). In addition, the Lender may impose reasonable and customary administrative fees and  
287 charges (including but not limited to, reimbursements for out-of-pocket expenses) for handling and investing  
288 the cash held in the Reserve for Replacement, the Residual Receipts account, if applicable, and any other  
289 interest-bearing escrows related to the Project and for processing, reviewing and approving other matters, as  
290 more fully set forth in Program Obligations (“**Administrative Fees**”). Borrower is entitled to earn interest on  
291 the Reserve for Replacement and Residual Receipts accounts, as more fully set forth in Program Obligations.  
292 Lender shall not invest escrow account monies in interest-bearing account unless interest earned is added to and  
293 included in the relevant escrow account, and unless the net income is paid or credited to the account of  
294 Borrower. Net income is defined as the earnings remaining after the following expenses are deducted: (i) any  
295 Servicing Fees, and (ii) any Administrative Fees.

296  
297  (f) The Loan to be made to Borrower shall be financed through funds being provided by a third-  
298 party investor through the issuance to the investor of permanent participation certificates pursuant to a  
299 participation agreement between Lender and the investor, with respect to which agreement Lender has agreed to  
300 repay the investor at a stated interest rate according to a fixed payment schedule.

301  
302  (g) The Loan to be made to Borrower shall be financed through funds being provided by a third-  
303 party investor through the issuance to the investor of [construction and] permanent fully-modified, pass-  
304 through, mortgage-backed securities, guaranteed as to principal and interest by Ginnie Mae.

305  
306 **2.** Lender certifies and agrees that, except for (a) advances of the Loan made in accordance with  
307 Program Obligations, (b) notes executed pursuant to Section D.1(g) above, or (c) Lender advances made  
308 pursuant to the Borrower’s Security Instrument, Lender does not have outstanding and shall not make loans or  
309 advances to Borrower, any of the sponsors, the general contractor, or the architect for any purpose connected  
310 directly or indirectly with the Project without the prior written approval of HUD and that Lender has not made

311 or offered, and shall not make or offer, any guarantees, pledges, reservations of sums to become due or other  
312 inducements to any entity or person to make loans or advances which Lender would be prohibited from making  
313 under the terms of this Section.

314  
315 **3.** Lender certifies that Lender has not made and shall not make payment of any kickback or fee or  
316 other consideration, directly or indirectly, to any person who has received payment or other consideration from  
317 any other person in connection with the Loan transaction, including the purchase or sale of the Mortgaged  
318 Property, except for compensation paid or to be paid, if any, for the actual performance of services and  
319 approved by HUD.

320  
321 **4.** Lender certifies that in any case where a letter of credit has been accepted instead of cash,  
322 (a) such unconditional and irrevocable letter of credit is in accordance with Program Obligations and has been  
323 issued by (1) another banking institution; or (2) Lender, subject to receiving the written approval of HUD prior  
324 to endorsement; and (b) Lender has not made and shall not make any inducements as described in Section D.2  
325 above to procure issuance of letters of credit. Lender also agrees that if demand under the letter of credit is not  
326 immediately met, Lender shall forthwith provide cash equivalent to the undrawn balance thereunder without  
327 recourse to Borrower and without regard to Lender's ability to recover such amount from any other entity or  
328 person who securitized the letter of credit.

329  
330 **5.**

331  
332 (a) For Loans funded with the proceeds of state or local bonds, Ginnie Mae mortgage-backed  
333 securities, or other bond obligations as defined by HUD, any of which contain a prepayment lock-out and/or  
334 prepayment premium provision, Lender agrees, in the event of a default during the term of the prepayment lock-  
335 out and/or prepayment premium (i.e., prior to the date on which prepayments may be made with a prepayment  
336 premium of one percent or less), to follow those procedures set forth in Program Obligations.

337  
338 (b) After commencement of amortization, Lender agrees to notify HUD of the delinquency when a  
339 payment is not received by the fifteenth (15th) day of the month in which it is due.

341 **6.**

342  
343 (a) Lender certifies to HUD that the following are the only identities of interest, as defined in  
344 Program Obligations and identified prior-to-the-date-hereof, between Lender and Borrower, any Principal of  
345 Borrower, General Contractor, any subcontractor, or the seller of the land:

346 \_\_\_\_\_  
347 \_\_\_\_\_  
348 \_\_\_\_\_  
349 \_\_\_\_\_

350  
351 (b) Lender agrees that it shall disclose to HUD any future identities of interest, as defined in  
352 Program Obligations, during the construction period or prior to final endorsement.

353  
354 **7.** Lender certifies to HUD that no identity of interest, as defined in Program Obligations, exists  
355 between Lender and the counsel to Borrower and that no portion of the amounts included in the Loan for  
356 Borrower's attorneys has been paid to Lender or its employees.

357  
358       **8.**       Lender certifies to HUD that all funds, escrows, accounts and deposits specified in this Request  
359 and any and all other funds held by or at the order of Lender in connection with the Loan transaction covered by  
360 this Request shall be funds held pursuant to Program Obligations and any applicable escrow agreements.  
361

362       **9.**       Lender certifies that all HUD form closing documents submitted to HUD in connection with this  
363 transaction (with the exception of the Opinion by Counsel to Borrower and the accompanying Certification by  
364 Borrower) conform to those documents Lender obtained from HUD and such documents have not been changed  
365 or modified in any manner except as suitably identified and approved by HUD as evidenced by the Closing  
366 Documents Memorandum attached as Exhibit \_\_\_\_\_. It is understood that changes and modifications do not  
367 include filling in blanks, attaching exhibits or riders, deleting inapplicable provisions or making changes  
368 authorized by Program Obligations. Lender further certifies that all closing documents submitted to and  
369 accepted by HUD at closing in connection with this transaction are listed in the Closing Documents  
370 Memorandum attached as Exhibit \_\_\_\_\_.  
371

372       **10.**      Lender acknowledges, based upon its reasonable due diligence, that Borrower and/or Operator  
373 have obtained or caused to be obtained the necessary governmental certificates, permits, licenses, qualifications  
374 and approvals of Governmental Authorities to own and operate the Mortgaged Property and to carry out all of  
375 the transactions required by the Loan Documents and to comply with applicable federal statutes and regulations  
376 of HUD in effect on the date of the Firm Commitment. Lender also acknowledges that appropriate actions have  
377 been taken by and necessary filings have been made with those Governmental Authorities and a list of  
378 certificates, permits, licenses, qualifications and approvals (specifically identifying those certificates, permits,  
379 licenses, qualifications and approvals that are to be obtained after the date hereof), all as disclosed by Borrower  
380 and/or Operator, is attached hereto as Exhibit \_\_\_\_\_.  
381

382       **11.**      We acknowledge that the amount of the annual deposits to the Reserve for Replacement shall be  
383 subject to change in accordance with Program Obligations. In connection therewith, every ten (10) years,  
384 beginning 20\_\_\_, we shall obtain a new Project Capital Needs Assessment (“**PCNA**”) report for HUD to  
385 evaluate. The cost of each such PCNA report may be paid from the Reserve for Replacement.  
386

387       **12.**      Lender certifies that it has made reasonable inquiry and has discovered no liens or encumbrances  
388 against the Mortgaged Property that are not reflected as exceptions to coverage in the title policy.  
389

390       **13.**      Lender certifies that the Loan does not violate the usury laws or laws regulating the use or  
391 forbearance of money of the Property Jurisdiction.  
392

393       **14.**      Lender agrees that, if there is a sale or transfer of all or a partial interest in the Note (other than a  
394 sale or transfer of a participation or other beneficial interest, e.g., a transfer of any interest of a Ginnie Mae  
395 MBS Security, or the creation of a security interest) or a change of the Loan servicer, Lender shall be  
396 responsible for ensuring that Borrower is given Notice of the sale, transfer and/or change.  
397

398  
399  
400  
401  
402  
403  
404

Lender hereby certifies that the statements and representations of fact contained in this Certificate of Lender and all documents submitted and executed by Lender in connection with this transaction are, to the best of Lender's knowledge, true, accurate, and complete. This Certificate of Lender has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Date	Lender
	By

405 **II. CERTIFICATE OF BORROWER**

406  
407 **1.** The undersigned Borrower certifies to HUD:

408  
409 (a) Borrower has read the foregoing Certificate of Lender, and to the best of its knowledge and  
410 belief considers it correct.

411  
412 (b) All funds escrowed with Lender, as set forth in the Certificate of Lender, may be held by Lender  
413 for the purposes indicated therein, or in an Event of Default and with HUD’s permission may be applied to the  
414 Indebtedness.

415  
416 (c) No Fixtures or Personalty items for the Project have been purchased using a conditional sale  
417 contract or other form of delayed payment.

418  
419 **2.** Additionally, the undersigned certifies that:

420  
421 (a) Borrower has received the sum of \$\_\_\_\_\_, constituting the full principal amount of the  
422 Loan for the Project.

423  
424 (b) Construction and/or repairs are complete, except as otherwise noted in the Certificate of Lender,  
425 [*delete the remainder of the sentence for Section 223(f) and 223(a)(7) transactions*] and is in accordance with  
426 the drawings and specifications or list of repairs required by HUD. The Borrower’s Security Instrument is a  
427 good and valid first lien; the Mortgaged Property is free and clear of all liens other than that of the Borrower’s  
428 Security Instrument or such inferior liens as have been approved by HUD; and all outstanding unpaid  
429 obligations contracted by or on behalf of Borrower, directly or indirectly, in connection with the Loan  
430 transaction, the acquisition of the Mortgaged Property, and the construction, substantial rehabilitation or repair  
431 of the Project are listed below:

- |     |       |   |    |
|-----|-------|---|----|
| 432 | (i)   | HUD-approved notes ( <i>copies attached</i> ) | \$ |
|     | (ii)  | Due General Contractor                        | \$ |
|     | (iii) | Other   | \$ |

433  
434 *(NOTE: If the space provided is inadequate to list all unpaid obligations, insert the total in each category and*  
435 *attach itemizations. If there are no outstanding obligations, so state.)*

436  
437 (c) Except for any amounts due on notes listed in Section 2(b) above, the undersigned agrees to pay  
438 the foregoing obligations in cash and to furnish HUD with receipts, or other evidence of payment satisfactory to  
439 HUD, within forty-five (45) days following the date hereof.

440  
441 (d) Borrower represents and warrants to Lender and HUD that no UCC filings have been made  
442 against Borrower or the Project prior to the initial/final endorsement of the Note by HUD, (except for UCC  
443 filings that are to be released in connection with the closing of the Loan) and Borrower has taken and shall take  
444 no action which would give rise to such UCC filings, except for any UCC filings in connection with the

445 acquisition of any Personalty, or in connection with accounts receivable financing (as listed below), that have  
446 been approved in writing by HUD.

447 \_\_\_\_\_  
448 \_\_\_\_\_  
449 \_\_\_\_\_  
450 \_\_\_\_\_  
451 \_\_\_\_\_  
452 \_\_\_\_\_  
453 \_\_\_\_\_

454 Borrower affirms that the statements and representations of fact by Borrower contained in this Certificate of  
455 Borrower and all documents are, to the best of Borrower’s knowledge, true, accurate, and complete. This  
456 Certificate of Borrower has been made, presented, and delivered for the purpose of influencing an official action  
457 of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.  
458  
459

Date	Borrower
	By

460  
461

462 **III. CERTIFICATE OF GENERAL CONTRACTOR**

463  
464 [This Part III is not applicable and should be deleted for Section 223(f) and 223(a)(7) transactions.]

465  
466 **1.** The undersigned General Contractor certifies to HUD:

467  
468 (a) The construction is in accordance with the Drawings and Specifications approved by HUD.

469  
470 (b) All outstanding unpaid obligations contracted by or on behalf of the undersigned in connection  
471 with the Construction Contract are listed below:

472 \_\_\_\_\_ \$ \_\_\_\_\_

473

474 \_\_\_\_\_ \$ \_\_\_\_\_

475

476 \_\_\_\_\_ \$ \_\_\_\_\_

477

478 \_\_\_\_\_ \$ \_\_\_\_\_

479

480 \_\_\_\_\_ \$ \_\_\_\_\_

481

482 \_\_\_\_\_ \$ \_\_\_\_\_

483

484 \_\_\_\_\_ \$ \_\_\_\_\_

485 (NOTE: If the space provided is inadequate to list all unpaid obligations, insert the total in each category and  
486 attach itemizations. If there are no outstanding obligations, indicate "none.")

487  
488 **2.** Except for unfinished work funded by an escrow or escrows approved by HUD, the undersigned  
489 agrees to pay the foregoing obligations, and to furnish HUD receipts or other evidence satisfactory to HUD,  
490 within fifteen (15) days following the receipt of payment from Borrower.

