

**COMMITMENT for Insurance Upon Completion
Pursuant to Section 223(f)**

**OFFICE OF HOUSING
Multifamily Production**

**U.S. Department of Housing
and Urban Development**

**EXHIBIT B: ADDITIONAL CONDITIONS
Section 223(f)**

{INSTRUCTIONS: Include all applicable conditions in this form as Exhibit B: Additional Conditions.

If applicable, also add any unique, deal-specific conditions required by HUD. Note that there are no standard boilerplate deal-specific conditions. These conditions are of such nature that they cannot be anticipated with predetermined language.

Also add any applicable conditions required under state law. }

223(f) Critical and Non-Critical Repairs. The provisions of this paragraph shall apply to any critical repairs required by this Commitment to be completed and inspected prior to Endorsement and to any non-critical repairs required by this Commitment to be completed after Endorsement. All repairs are listed in the Critical and Non-Critical Repairs List, as applicable, attached hereto as Exhibit C and must meet the specific requirements contained in Chapters 5 and 6 of HUD’s Minimum Property Standards (MPS) Handbook 4910.1 and Chapter 5 of the MAP Guide. HUD encourages Borrowers to utilize energy saving devices and methods when making repairs.

(a) Critical Repairs. HUD estimates that the critical repairs will cost the amount above identified as the “Critical Repairs Costs.” Evidence of the completion of the repairs must be submitted prior to Endorsement. HUD shall have no obligation to endorse the Note for insurance unless and until all critical repairs have been completed to the satisfaction of HUD.

(b) Non-Critical Repairs. Non-critical repairs must begin promptly following Endorsement and must be completed within twelve (12) months of Endorsement (unless an alternative timeframe is required or allowed by Special Condition below). HUD estimates that these repairs will cost the amount identified above as the “Non-Critical Repair Cost.” An escrow of 110% of this amount must be established prior to Endorsement. 100% of the costs shall be withheld in cash from mortgage proceeds. The additional 10% may be held in cash or a letter of credit. If the cost of repairs and alterations exceed \$400,000, the Borrower shall provide latent defect

assurance in the form of an escrow in cash, letter of credit, or surety bond acceptable to HUD equal to at least 2.5 % of the repair cost, to be maintained for fifteen (15) months from completion of the repairs. This amount may be satisfied from the repair escrow established at Endorsement.

During the course of such repairs, HUD and its representatives shall at all times have access to the Project and the right to inspect the progress of the repairs. In addition, if required by HUD, the Borrower will furnish at the Project site all necessary facilities for the use of HUD's inspector. The inspection of the repairs by a representative or representatives of HUD shall be for the benefit and protection of HUD.

For 223(f) Agreement and Certification and Repair Contracts. Prior to the execution of any repair contracts relative to the subject Project, the Borrower, Lender, and General Contractor (if any), shall execute the Agreement and Certification (Form Number HUD-93305M), and HUD and the Borrower shall be bound thereby with respect any subsequent contracts or subcontracts. The Commitment amount herein above is subject to appropriate reduction in accordance with the terms of the Agreement and Certification.

Radon. A Radon report is required for all applications, unless an exception listed in the MAP Guide Chapter 9, Section 5.C.2.c applies. An amended radon report must be issued if the testing and/or mitigation will occur after application submittal according to the requirements listed in Chapter 9, Sections 5.C.2. and 5.C.5. All testing and mitigation must be performed under the direct supervision of a Radon Professional and follow the testing standards outlined in Chapter 9.5.C.2.d of the MAP Guide.

Land Use Restriction Agreement (LURA). (The wording can be used for any other recorded document; simply insert the name of that document or documents)
The Land Use Restriction Agreement (LURA) must be subordinate to the FHA insured mortgage in accordance with Appendix 5.3 of the Closing Guide (Revised February 2015).

Assignment of Section 8 Contracts. (If applicable)
The Assignment of a Section 8 Contract must be completed and executed prior to endorsement.

Shared Use Agreement.
A Shared Use Agreement between _____ and _____ shall be provided by the lender and approved by HUD prior to endorsement.

New Business Partner. The Mortgagor, as a new Business Partner, must register online at the Business Partner Registration HUD Multifamily page. This site is accessible to them without a password or ID. After completing and submitting their information, they will be recorded as “known to HUD systems.”

Allocation/Reservation of Tax Credits.
This commitment is subject to, and has been issued upon the reliance of, the successful (a) allocation or reservation to the project of LIHTC, Historic Tax Credits or New Markets Tax

Credits and (b) syndication of such credits, with an appropriate agreement for the timely investment of equity, as shown on Form HUD-2880, to assure completion of the project and pay other associated and incidental costs. In addition to the standard provisions that must be included in the organizational documents for the borrower entity, a provision must be added that prohibits any changes to the organizational documents that affect the obligations of the tax credit investor without the written consent of the Lender and HUD.

Additional Lender Certification. {Tax Exempt Bonds & 4% LIHTC Projects} [Chapter 14.19.F)

In transactions involving short-term, tax exempt bonds secured with cash collateral, in order to qualify for 4% Low Income Housing Tax Credits, in combination with Ginnie Mae securities, the bond documents must comply with, and the FHA lender must provide before Initial/Final Endorsement, the “Lender Certification for Tax Exempt Bonds and 4% Low Income Housing Tax Credit Transactions”.