

**U.S. Department of Housing and Urban Development
Federal Housing Commissioner
Office of Insured Health Care Facilities
Commitment to Insure**

Section 232 Pursuant to Section 223(a)(7)

**Commitment to Insure
Upon Completion**
**Section 232 Pursuant to
Section 223(a)(7)**

**U.S. Department of Housing
and Urban Development**
Office of Healthcare Programs

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

Public reporting burden for this collection of information is estimated to average 0.5 hours. 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. Response to this request for information is required in order to receive the benefits to be derived. 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. No confidentiality is assured.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

FHA Project No.: XXXXX-XXXXX
Project Name: Project Name
Project Address: Project Street Address
Project City, State Zip

Lender Name
(Mortgagee)

Mortgagor Name
(Name of Mortgagor)

Lender Street Address
(Address)

Mortgagor Street Address
(Address)

Lender City, State Zip
(City, State, & Zip Code)

Mortgagor City, State Zip
(City, State, & Zip Code)

We understand that you, as Mortgagee, have agreed to make a loan to Mortgagor Name, (hereafter called the "Mortgagor"), in an amount not exceeding the sum of Mortgage Amount Written Out Dollars (\$0.00) (to be secured by a credit instrument and security instrument (hereafter jointly called the "Mortgage") covering real property with existing building(s) thereon identified above (hereinafter called the "Project"), as shown on the legal description of the property attached hereto and marked **Exhibit A**.

It is your intention to present the said Mortgage to the Federal Housing Commissioner acting

herein on behalf of the Secretary of Housing and Urban Development (the "Secretary") for mortgage insurance under the provisions of Section 232, pursuant to Section 223(a)(7) of the National Housing Act (the "NHA"), and the Regulations thereunder now in effect (the "Regulations").

The Secretary hereby agrees to insure said Mortgage under the provisions of the NHA and the Regulations upon the following conditions:

1. The Mortgage shall bear interest at the rate of [REDACTED] percent per annum payable on the first day of each month on the outstanding balance of principal. The first payment to principal (commencement of amortization) shall be due on the first day of the second month following the date of endorsement of the Mortgage for insurance (the "Endorsement"). The Mortgage shall be payable on a level annuity basis by monthly payments of principal and interest in the amount of -\$[REDACTED]. The maturity and final payment date shall be [REDACTED] years and [REDACTED] months following the due date of the first payment to principal. Note: Any change in the interest rate will require reprocessing of the Mortgage insurance application and amendment of this Commitment prior to Endorsement.
2. The credit instrument and the security instrument to be insured shall be in the forms prescribed by the Secretary for use in connection with loans insured under Section 232, pursuant to Section 223(a)(7), of the NHA in the locality in which the property is situated. The endorsement panel in the credit instrument shall include language in the form prescribed by the Secretary in order to comply with Section 223(a)(7)(A)(iv) of the NHA. In addition, the Mortgagor (and, if applicable, the lessee/operator of the Project) shall provide a security agreement, UCC financing statements, and deposit account control agreement(s) granting a first lien security interest in such tangible and intangible personal property related to the Project in favor of the Mortgagee as may be required by the Secretary (subject only to liens for taxes and assessments which are not delinquent and such other liens, as with an accounts receivable financing transaction, as may be approved by the Secretary).
3. Prior to Endorsement, the Mortgagor shall present to the Secretary a title policy in conformity with the Regulations which shall show that title to the property (or, if approved by the Secretary, a leasehold estate therein) on the date of Endorsement is vested in the Mortgagor free of all exceptions to title (either junior or prior to said Mortgage) except said Mortgage and such other exceptions to title as are specifically determined to be acceptable by the Secretary. Said title policy shall (a) by its terms inure to the benefit of the Mortgagee and/or the Secretary of Housing and Urban Development, as their interests may appear and (b) unless otherwise approved by the Secretary, be on the ALTA Loan Policy 2006 Form and include ALTA Form 8.1-06, 9-06 (or 9.3-06), ALTA 17-06 and ALTA 22-06 endorsements and an endorsement deleting the arbitration clause. The Mortgagor shall also furnish satisfactory proof that there exist no unpaid obligations contracted in connection with the Mortgage transaction, the purchase of the Project or refinancing of existing indebtedness, or the completion of any repairs, except such obligations as may be approved by the Secretary. If required by the Secretary, prior to Endorsement the Mortgagor shall present to the Secretary a survey of the Project in form and substance satisfactory to the Secretary.

4. The Mortgagor must possess the powers necessary for operating the Project and meeting all the requirements of the Secretary for insurance of the Mortgage. Prior to Endorsement, there shall be delivered with the Secretary and the Mortgagee (a) copies of ownership entity documentation that complies with applicable requirements of the Secretary, including a copy of the instrument under which the Mortgagor entity is created (unless the Mortgagor is an individual), together with copies of all instruments or agreements necessary under the laws of the applicable jurisdiction to authorize execution of the Mortgage and the other closing documents, and (b) a Regulatory Agreement in the form prescribed by the Secretary for use in connection with loans insured under the Section 232, pursuant to Section 223(a)(7), of the NHA (the "Regulatory Agreement"). Such Regulatory Agreement shall provide, among other things, for the establishment of a Reserve Fund for Replacements (the "Reserve Fund for Replacements") under the control of the Mortgagee by payment of \$_____ per annum, to be accumulated monthly at the rate of \$_____ per month (rounded to the nearest dollar), commencing on the date of the first payment to principal as established in the Mortgage unless a later date is agreed upon with the Secretary. In addition to the per annum amount required to be accumulated monthly under the control of the Mortgagee for the Reserve Fund for Replacements: (a) the existing balance in the reserve for replacements with respect to the Project shall be transferred to the Reserve for Replacements and (b) there shall be an additional deposit in the amount of not less than \$_____ made to the Reserve Fund for Replacements by the Mortgagor at the time of Endorsement. Attached hereto as Exhibit C is the Reserve for Replacement Funding Schedule which supports the per annum and initial deposits to the Replacement Reserve account.

The amount of the annual deposits to the Reserve Fund for Replacements shall be subject to change in accordance with the requirements of the Secretary. In connection therewith, the Mortgagee shall obtain a new Project Capital Needs Assessment ("PCNA") for the Secretary to evaluate on or before [10 year anniversary date of the existing loan latest PCNA], and a new PCNA will be provided every ten years thereafter. The cost of each such PCNA may be paid from the Reserve Fund for Replacements. The Request for Endorsement of Credit Instrument to be delivered prior to Endorsement and the Regulatory Agreement each shall include a statement confirming the requirement for such periodic PCNA reports.

5. Upon Endorsement of the Mortgage, it must be current with respect to all payments required to be made by its terms, including all deposits required to be made with the Mortgagee for mortgage insurance premiums, fire, and other property insurance premiums, ground rents, water rates, taxes, and other assessments and there shall be in full force and effect fire and other property insurance as required by the Mortgage. At or after Endorsement, established escrow accounts, including those for taxes and insurance, shall be transferred to the control of the new Mortgagee, if applicable, and remain with the Project to the extent necessary to fund escrows required by the Mortgage.
6. Upon Endorsement, the Mortgagee shall pay to the Secretary, in advance, a mortgage insurance premium equal to _____ .5 percent of the principal amount of the Mortgage to cover the first mortgage insurance premium and shall continue to make payments thereafter

as required by the aforesaid Regulations.

7. The Mortgagor, lessee/operator and/or management agent, as applicable, shall maintain professional liability insurance in accordance with the requirements established by the Secretary. The Mortgagor shall annually provide to the Secretary a certification of compliance with the Secretary's professional liability insurance requirements. The Regulatory Agreement executed by the Mortgagor must require compliance with these requirements.
8. This Commitment shall terminate 90 days from the date hereof unless renewed or extended by the Secretary. Upon expiration, all rights and obligations of the respective parties shall cease. Prior to any renewal or extension of this Commitment, the Secretary may, at his/her option, reexamine the Commitment to determine whether it shall be extended in the same amount, or shall be amended to include a lesser amount.
9. A request for the reopening of this Commitment within 90 days of its termination must be accompanied by the reopening fee prescribed by the Regulations.
10. It is a condition of this Commitment that any change in ownership upon which this Commitment was predicated must be indicated in writing by the Mortgagor and such request must be approved in writing by the Secretary. Any principals of the Mortgagor or lessee/operator which are added prior to Endorsement and which were not disclosed in the mortgage insurance application shall be subject to the Secretary's credit review and previous participation clearance before Endorsement.
11. If the Project is subject to an operating lease, such lease must (a) incorporate subordination language approved by the Secretary, (b) provide for lease payments sufficient to cover monthly principal and interest payments under the Mortgage, escrows required under the Mortgage and deposits to the Reserve Fund for Replacements required by the Regulatory Agreement, and (c) otherwise comply with applicable requirements of the Secretary. In addition, the lessee/operator must execute and deliver an Operator Regulatory Agreement in the form specified by the Secretary.
12. Any accounts receivable financing obtained by the Mortgagor or lessee/operator or management agent, as applicable, with respect to the Project will be subject to approval by the Secretary and the Mortgagee.
13. All financing arrangements (other than the Mortgage and any other mortgage insured by the Secretary), including repayment obligations and other secondary financing, and occupancy restrictions must be fully disclosed to, and approved by, the Secretary and must comply with the Secretary's requirements applicable to loans insured under the Section of the NHA applicable to the Mortgage.
14. This Commitment is conditioned upon and shall not be enforceable against the Secretary until and unless all conditions to Endorsement stated herein have been satisfied or waived by the Secretary.

15. The principal amount of the Mortgage shall not exceed the cost of refinancing as reflected on the loan closing statement delivered at Endorsement and approved by the Secretary. In the event that the principal amount of the Mortgage exceeds the cost of refinancing, the initial deposit to the Reserve Fund for Replacements shall be increased by the amount of such excess (provided, however, that at the option of the Mortgagor, some or all of such excess may be eliminated by a reduction in the amount of the Mortgage rather than an increase in the deposit to the Reserve Fund for Replacements).
16. At or after Endorsement, the Mortgagee may submit a request, on behalf of the Mortgagor, for the refund of application fee available under the Expedited Processing Instructions in Notice H93-89. The request may be for an amount not to exceed \$_____ (based on the difference between the application fee paid and one-half of the application fee earned on the Project). This refund may not be applied as a credit to the mortgage insurance premium due at Endorsement.
17. This Commitment is subject to the conclusions stated on the attached form HUD-92264A, Supplement to Project Analysis.
18. This Commitment is
 - Subject to Special Conditions, numbered 1 through _____, which are stated below and are made a part hereof.
 - Not subject to any Special Conditions.

SPECIAL CONDITIONS:

1. (If applicable) All critical repairs identified on **Exhibit B** must be completed and accepted by HUD prior to Endorsement. An escrow deposit in the amount of \$_____ shall be created for the completion of all non-critical repairs identified on **Exhibit B**. Prior to closing the Mortgagor shall provide an Estimated Progress Schedule of Work to ensure that all repairs will be completed and accepted by the Secretary within 12 months after Endorsement.

During the course of repairs the Secretary and his/her representatives shall at all times have access to the Project and the right to inspect the progress of the repairs.

The Mortgagee shall use funds in the repair escrow account to complete any repairs not completed and accepted by the Secretary within the prescribed timeframe.

2. The Mortgagor must certify to the actual cost of these repairs using form HUD-2205-A, Mortgagor's Certificate of Actual Costs (only Line 2 and the attached Schedule A of this form need be completed) after the repairs are completed. Supporting documentation must

include receipts or invoices for the completed work. **(Applicable in cases where repairs/improvements are being done in conjunction with the 223a7 and a PCNA has not been submitted with the Firm Application)**

Attached to this Commitment is a form closing checklist identifying documents required for loans insured under Section 232, pursuant to Section 223(a)(7), of the NHA. If there are any inconsistencies between the attached closing checklist and this Commitment, this Commitment controls. Draft closing documents conforming to the terms of this Commitment must be submitted not less than 10 days prior to Endorsement. This Commitment and exhibits referred to herein, together with the applicable Regulations, constitute the entire agreement among the parties, and acceptance of the terms hereof is evidenced by the signature of the Mortgagor and Mortgagee upon the lines provided below. Please return one original of this Commitment, signed by the Mortgagee and Mortgagor, to the [OHCF OHP](#) Underwriter within 10 business days of the date of the Secretary's execution of this Commitment.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT
BY: FEDERAL HOUSING COMMISSIONER

By: _____ Date: _____
Authorized Agent

Attachments:

- Exhibit A: Legal Description
- Exhibit B: Critical and Non-Critical Repairs List, if applicable
- Exhibit C: Revised Replacement Reserve Schedule, if applicable
- Form HUD-92264-A
- Additional Special Conditions, if applicable
- Closing Checklist

The above Commitment to Insure, including Special Conditions (if applicable), is hereby accepted by the undersigned, and we hereby agree to be bound by the terms hereof.

MORTGAGOR:

Mortgagor Name

Date: _____ By: _____
Name: _____

Title:

MORTGAGEE:

Lender Name

Date:

By:

Name:

Title:
