

~~REQUEST FOR PERMISSION TO COMMENCE CONSTRUCTION
PRIOR TO INITIAL ENDORSEMENT FOR MORTGAGE INSURANCE~~

~~(For use in LEAN Section 232 projects) all cases except Sec. 213 projects and Sec. 221(d)(3) Management and Investor-Sponsor Type Projects.)~~

~~TO THE FEDERAL HOUSING ADMINISTRATION~~

Re:
**Request For Permission To
Commence Construction
Prior To Initial Endorsement
For Mortgage Insurance
Section 232**

**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 0.25 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)

TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD):

Project No. _____ Name: _____
Project Number: _____

The undersigned mortgagor and contractor in connection with the subject project request the permission of ~~the Federal Housing Administration~~ and Urban Development to commence construction prior to the initial endorsement of the mortgage for insurance.

It is agreed that in consideration of such permission being granted, it will be upon the following terms and conditions:

1. All construction prior to the recordation of the insured mortgage is to be at the risk of the mortgagor.
2. In order to permit the assignment of a construction inspector, ~~Federal Housing Administration~~ HUD will be notified of the date when construction is to commence, which, **in the case of a project involving new construction**, is defined as that date upon which initial site clearance and preparation and/or excavation is begun, provided that such site clearance and related rough grading, etc., continues without appreciable delay from such date and is pursued diligently. Such facilities as are required for the construction inspector will be made available.

~~2-3.~~ A release of liens will be furnished by the contractor and by such subcontractor who performed any work or services to the project, such release to be delivered to the mortgagee at the initial endorsement of the mortgage for insurance.

~~4.~~ No work shall be commenced on construction of this project until ~~such plans and specifications as may be deemed by the Federal Housing Administration to be sufficient to cover the work to be done prior to execution and recordation of the insured mortgage and the closing of the transaction have been filed with and accepted by the mortgagee and the Federal Housing Administration nor shall work on the project proceed beyond the scope indicated on the plans and specifications thus filed and accepted, until complete plans and specifications for the entire project shall have been~~ HUD has approved and accepted by all parties. ~~See Rider of the Request.~~

~~3-5.~~ No construction shall be commenced ~~prior to execution of FHA Form No. 2482 by the contractor nor~~ except pursuant to a current prevailing wage determination by the Secretary of Labor.

~~4.~~ The inspection fee as set forth in the Commitment for Insurance has been paid. ~~See Rider.~~

~~5.~~ We hand you herewith executed Agreement and Certification (FHA Form No. 3305, 3305A, 3306 or 3306A, as the case may be). ~~See Rider.~~

~~6.~~ A non-refundable inspection fee shall have been paid to HUD (such fee to be based on the estimated cost of the work to be performed prior to issuance of Initial Endorsement) and any balance of the inspection fee as set forth in such commitment shall be paid on or before the date on which the mortgagor accepts such commitment.

~~7.~~ There is submitted herewith grading, building and/or other permits (as applicable) required by state and local governmental authorities to cover the work to be performed prior to initial endorsement.

~~6-8.~~ There is submitted herewith a conformed copy of the executed construction contract (FHA Form No. 2442 or 2442A, as the case may be). ~~See Rider~~ The work covered by said construction contract must include, at a minimum, the work that is proposed to be performed prior to initial endorsement.

~~Permanent financing has either been arranged as evidenced~~

~~9.~~ If the mortgagor is a non-profit entity, there is submitted herewith a resolution of the governing body of the mortgagor authorizing the submission of this Request and confirming the certifications made by the attached copy of Lender's commitment; or an application for permanent financing has been filed with the Federal National Mortgage Association. ~~See Rider.~~ mortgagor in this Request.

~~7-10.~~ The project land is owned in fee simple (is subject to an approved leasehold). ~~N/A~~

~~8-11.~~ The date upon which the commitment requires the first payment to principal to be made shall be considered amended so that the total period allowed therein for construction and occupancy shall begin on the later of (a) the first day of the first month after the date of execution of this agreement by the mortgagee. ~~See Rider~~ or (b) the date on which the mortgagor accepts the commitment.

~~12.~~ Mortgagor and contractor acknowledge that this Request is submitted pursuant to the Procedures for Requesting Approval for Commencement of Construction Prior to Initial Endorsement issued by the Office of Healthcare Programs (the "Procedures") and is subject to the terms and conditions thereof. Mortgagor hereby certifies that:

- a. there is "Good Cause" (as defined in the Procedures) for requesting permission to commence construction prior to initial endorsement;
- b. the work to be performed pursuant to this Request shall be limited as set forth in the Procedures;
- c. the mortgagor has arranged for independent financing of the work to be performed pursuant to this Request;
- d. the mortgagor acknowledges and agrees that approval of this Request by HUD does not constitute a commitment by HUD to insure a mortgage on the project, nor create any obligation on the HUD to issue such a commitment, nor create any obligation to approve a mortgage insurance application and does not in any way obligate HUD to insure a mortgage with respect to the project;
- e. the mortgagor acknowledges and agrees that concurrence in this Request by the mortgagee does not constitute a commitment by the mortgagee to make a mortgage loan with respect to the project and does not constitute any representation, warranty or other assurance by the mortgagee that HUD will insure a mortgage with respect to the project; and the mortgagor waives and releases any and all claims that mortgagor may have against HUD and/or the mortgagee with respect to any losses, damages, costs and/or expenses incurred in connection with any construction undertaken prior to initial endorsement.

13. Contractor acknowledges that this Request is submitted pursuant to the Procedures and is subject to the terms and conditions thereof. Contractor hereby certifies that:

- a. the work to be performed pursuant to this Request shall be limited as set forth in the Procedures;
- b. the contractor acknowledges and agrees that approval of this Request by the Federal Housing Administration does not constitute a commitment by HUD to insure a mortgage on the project, nor create any obligation on HUD to issue such a commitment, nor create any obligation to approve a mortgage insurance application and does not in any way obligate HUD to insure a mortgage with respect to the project;
- c. the contractor acknowledges and agrees that concurrence in this Request by the mortgagee does not constitute a commitment by the mortgagee to make a mortgage loan with respect to the project and does not constitute any representation, warranty or other assurance by the mortgagee that HUD will insure a mortgage with respect to the project; and
- d. the contractor waives and releases any and all claims that contractor may have against HUD and/or the mortgagee with respect to any losses, damages, costs and/or expenses incurred in connection with any construction undertaken prior to initial endorsement.

9-14. It is understood that approval of this request by ~~the FHA~~ HUD shall not be construed as varying the terms of the outstanding ~~FHA commitment~~ Firm Commitment (if any) except to permit the commencement of construction prior to endorsement for mortgage insurance and as provided in paragraph 11, hereof, and the mortgage will not be endorsed unless all other commitment requirements are complied with.

~~THE RIDER ATTACHED HERETO IS INCORPORATED HEREIN BY REFERENCE.~~

Contractor

Mortgagor

Date

Date

The undersigned, _____, the **proposed** mortgagee in the Commitment on the captioned ~~project dated~~ _____ date, _____, consents to the foregoing request and agrees, in consideration of the Administration's approval, that all mechanics' and materialmen's liens and encumbrances filed or recorded before the first advance is made on said mortgage will be discharged on record before any advances are made, or if not so discharged, no advances will be made on said mortgage.

It is understood that ~~the Federal Housing Commissioner~~ HUD will not be held to be responsible for any liens or any other objection of title which might result from the fact that construction of this project commenced prior to recordation of the insured mortgage, and shall not in any respect be deemed to have approved the title prior to closing of the transaction or to have waived in any way the provisions of the FHA Regulations which place the responsibility of mechanics' and materialmen's liens upon the mortgagee and the date of completion of the project shall be advanced as set forth in ~~agreement~~ #paragraph 11 foregoing.

Mortgagee

Approved by _____

Title

Title

Date