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

U.S. Department of Housing and Urban Development
Federal Housing Administration

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Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This is part of the basic application package for insured mortgages for construction of rental housing projects. This is a requirement under Section 207(b) of the National Housing Act (Public Law 479, 48 Stat. 1246, 12 U.S.C., 1701 et. seq.), authorizing the Secretary of HUD to insured mortgages. The information requested enables HUD to determine whether to allow construction to commence prior to the initial endorsement of the mortgagor for insurance. The information is required to obtain benefits.
Privacy Act Notice - The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in this 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 assurances of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

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

TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Re: Project No.

The undersigned mortgagor and contractor in connection with the subject project request the permission of Housing 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 items 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 contraction inspector, HUD will be notified of the date when construction is to commence, which 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.
3. A release of liens will be furnished by the contractor and by each subcontractor who performed any work or services to the project. Such release is 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 plans and specifications deemed by HUD 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 HUD, 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 approved and accepted by all parties.
5. No construction shall be commenced prior to issuance of the Davis Bacon wage decision for the project by the Secretary of Labor.
6. The inspection fee set forth in the Commitment for Insurance has been paid.
7. We hand you herewith executed Agreement and Certification (HUD Form Nos. 3305, 3305-A, 3306 or 3306-A as the case may be.)
8. There is submitted herewith a conformed copy of the executed construction contract (HUD Form-92442 or 92442-A as the case may be).
9. Permanent financing has either been arranged is evidenced by the attached copy of the Lender's commitment; or an application for permanent financing has been filed with GNMA.
10. The project land is owned in fee simple (is subject to an approved leasehold).
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 first day of the first month after the date of execution of this agreement by the mortgagee.
12. It is understood that approval of this request by HUD shall not be construed as varying the terms of the outstanding FHA commitment 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.

_____	___	_____
Contractor		Mortgagor
_____	___	_____
Date		Date

The undersigned,
The mortgagee in the Commitment on the captioned date consents to the foregoing request and agrees, in consideration of the HUD'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 will not be held responsible for any liens or any other objection to 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 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 # 11 above.

_____
Mortgagee

Approved by _____ ___ _____
Title

_____ _____
Title Date