

Attachment #3 Special Firm Commitment Conditions

1. The Mortgagor's initial cash requirement of \$_____ shall be deposited with the Mortgagee at initial endorsement under outstanding instructions and so reflected on the Mortgagee's Certificate.
2. The pro-rata disbursement of the Mortgagor's initial cash requirement and the insured mortgage proceeds are allowed subject to the following conditions in accordance with HUD Handbook 4435.1, REV-1, Chg 2, paragraph 1-16.1:
 - a. All of the Mortgagor's initial cash requirement, including tax credit proceeds, shall be deposited with the Mortgagee at initial endorsement under outstanding instructions and so reflected on the Mortgagee's Certificate.
 - b. The Mortgagee and the HUD Field office should reach an agreement prior to issuing a firm commitment with respect to the percentages of the mortgagor's funds and mortgage proceeds to be periodically disbursed.
 - c. The pro-rata disbursement must be reflected on the Mortgagee's Certificate and the Building Loan Agreement.
3. The pro-rata allocation of the mortgage proceeds and mortgagor's initial cash requirement to be disbursed during the construction period shall be as follows:

Mortgage Proceeds _____percent
Mortgagors Cash Requirement_____percent

The allocation will be determined by the percentage of mortgage proceeds to initial cash requirement to total sources of funding (e.g. Total sources = \$10,000,000; Mortgage proceeds= \$8,000,000; Initial cash requirement=\$2,000,000 results in an allocation of 80% Mortgage proceeds and 20% Initial cash requirement).

4. Prior to Initial Endorsement, the Mortgagor certifies that they will submit a cost certification to HUD containing the following information:
 1. A certification signed by an authorized agent of the Mortgagor entity that the following information, audited by a CPA or IPA containing a Schedule of Syndication Proceeds including:
 - a. The amount of syndication proceeds received from the investing partner to date.
 - b. Purposes for which syndication proceeds received as of the cut-off date were used.
 - c. Dates, terms, and conditions under which future investor contributions are to be made.

d. The above certifications must include the criminal certification.

This certification is required at the time of initial endorsement in order to ensure that the mortgagor is fully aware of HUD's cost certification reporting requirements for the Low Income Housing Tax Credit syndication proceeds.