

## APPENDIX 8

ESCROW COMMITMENT PROCEDURE  
STATEMENT OF UNDERSTANDING

I/We the undersigned, as an Investor / Rehabilitator participating in the Escrow Commitment Procedure of HUD's Section 203(k) Rehabilitation Home Mortgage Insurance Program, DO HEREBY understand the objective of this program is to promote and facilitate the restoration and preservation of the Nation's existing housing inventory.

I/we further understand that I/we must provide satisfactory evidence that I/we possess the ability to support the mortgage payments and complete the rehabilitation and market the property within the given amount of time.

My/our participation in this procedure will allow me/us to finance the purchase/refinance and rehabilitation of a property to the maximum owner-occupant homeowner mortgage loan amount. In addition to the cash down payment an occupant purchaser would make, an amount equal to the difference between an investor purchaser maximum mortgage amount and the maximum mortgage amount of an occupant purchaser will be placed into the escrow account.

The funds retained in the escrow account will be released to me/us at the time the property is sold and the loan is assumed by an owner-occupant purchaser acceptable to HUD and the Lender within the allotted time, OR in the event the property is not sold and the mortgage has not been assumed by an owner-occupant purchaser within the allotted time frame the entire escrow amount must be applied to reduce the principal mortgage balance to an amount equal to that allowable to an investor mortgagor.

As an Investor who intends to market and sell this property, I/we understand that the 7 unit limitation will apply; however, if the property is not assumed by an owner-occupant purchaser within 18 months, the property will become a rental property and the investor will continue to be responsible for the payment of the mortgage. I further understand that the mortgage amount will be reduced accordingly if the property is sold to an acceptable owner-occupant for a sales price less than that established during loan processing.

I/We further understand that I/we cannot (1) rent the property for periods less than 30 days and will ensure that the property is not used for hotel or transient purposes; or (2) sell the property except where the insured mortgage is paid in full as an incident of the sale.

---

Investor / Rehabber Signature(s)

Date