

§ 200.81

(c) A first lien on the property securing the mortgage, which property conforms with the property standards prescribed by the Commissioner.

§ 200.81 Disbursement of mortgage proceeds.

The mortgagee shall be obligated, as a part of the mortgage transaction, to disburse the principal amount of the mortgage to the:

- (a) Mortgagor or mortgagor's account;
- (b) Mortgagor's creditors for the mortgagor's account, subject to the mortgagor's consent.

§ 200.82 Maturity.

The mortgage shall have a maturity satisfactory to the Commissioner, and shall contain complete amortization or sinking-fund provisions satisfactory to the Commissioner.

- (a) The maximum mortgage term may not exceed the lesser of:
 - (1) Any limits included under the applicable section of the Act.
 - (2) Thirty-five years for existing projects, except that the mortgage term may be up to 40 years under terms and conditions established by the Commissioner, and 40 years for proposed construction and substantial rehabilitation projects.
 - (3) Seventy-five percent of the estimated remaining economic life of the physical improvements.
- (b) The minimum mortgage term shall not be less than 10 years.

§ 200.83 Interest rate.

- (a) The mortgage shall bear interest at the rate agreed upon by the mortgagee and the mortgagor.
- (b) Interest shall be payable in monthly installments on the principal amount of the mortgage outstanding on the due date of each installment.
- (c) The amount of any increase approved by the Commissioner in the mortgage amount between initial and final endorsement in excess of the amount that the Commissioner had committed to insure at initial endorsement shall bear interest at the rate agreed upon by the mortgagee and the mortgagor.

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§ 200.84 Payment requirements.

The mortgage shall provide for:

- (a) A single aggregate payment each month for all payments to be made by the mortgagor to the mortgagee.
- (b) The mortgagor to pay to the mortgagee:
 - (1) Interest and principal on the first day of each month in accordance with an amortization plan agreed upon by the mortgagor, the mortgagee and the Commissioner.
 - (i) Date of first payment to interest shall be the endorsement date or, where there are insured advances, the initial endorsement date.
 - (ii) Date of first payment to principal. The Commissioner shall estimate the time necessary to complete the project and shall establish the date of the first payment to principal so that the lapse of time between completion of the project and commencement of amortization will not be longer than necessary to obtain sustaining occupancy.

- (2) An amount on each interest payment date sufficient to accumulate in the hands of the mortgagee one payment period prior to its due date, the next annual mortgage insurance premium payable by the mortgagee to the Commissioner. Such payments shall continue only so long as the contract of insurance shall remain in effect.

- (3) Equal monthly payments as will amortize the ground rents, if any, and the estimated amount of all taxes, water charges, special assessments, and fire and other hazard insurance premiums, within a period ending one month prior to the dates on which the same become delinquent.

- (4) The mortgage shall further provide:

- (i) That such payments shall be held by the mortgagee, for the purpose of paying such items before they become delinquent.
- (ii) For adjustments in case such estimated amounts shall prove to be more, or less, than the actual amounts so paid therefor by the mortgagor.

- (c) The mortgagee to apply each mortgagor payment received to the following items in the order set forth:

- (1) Premium charges under the contract of mortgage insurance.