

of the principal of the mortgage insured or held by the Commissioner of an amount equal to \$ 433.50 per month unless a different date or amount is approved in writing by the Commissioner. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America, shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Commissioner. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to HUD based on a monetary default, or to withdraw an election already made, the Commissioner is authorized to instruct the mortgagee to withdraw funds from the Reserve for Replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Commissioner may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.

*2. Paragraph 2.(c) is amended by adding the following phrase at the end of the last sentence:

", including the application of such funds to payment of the mortgage note in order to prevent or cure a default or, if a default occurs and the loan has been accelerated, to apply the balance in such fund to the amount due on the mortgage debt as accelerated."

*No. 2 should be used only if the Regulatory Agreement is covering a project with other than profit-motivated mortgagors.