

Escrow Holdback/Repair Option



HomeBridge[®]

WHOLESALE

A division of HomeBridge Financial Services, Inc.

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What is an Escrow Holdback?

- **A escrow holdback, or repair, option is available to complete minor repairs which do not impact the safety and habitability of the property**
- **Escrow holdback/repair option available on Fannie Mae, Freddie Mac, FHA and VA loan programs**
 - ✓ **Not available for USDA, Jumbo, or Expanded Plus transactions**
 - ✓ **Pricing adjustor applies-see rate sheet**

- **An estimate from a licensed contractor or other qualified professional listing all repairs is required to be reviewed for consideration**
 - ✓ **Max repairs limited to \$5000 (exception: HUD REO \$100 Down program max repairs \$10,000)**
 - ✓ **1.5 times the amount of the estimate will be held in an escrow account by HomeBridge**
 - ✓ **Repairs must be completed within 14 calendar days of loan disbursement**
 - ✓ **No exceptions available for weather or other conditions**

- **HUD REO \$100 Down holdbacks require an escrow hold of 110% of the estimated repair cost (not the customary 1.5 times)**
- **Seller funded escrow holdback/repairs are considered on a case by case basis**
 - ✓ **In this scenario, excess hold back funds are released to the seller, not the Borrower, since the seller funded the repairs**

- **Properties in less than average condition may be eligible for an escrow holdback/repair**
 - ✓ **If approved, the appraiser will be required to confirm the work completed will bring the property up to average condition**

- **Once a transaction is identified as requiring an Escrow Holdback/Repair, the Broker is responsible to:**
 - ✓ **Provide HomeBridge with estimate from licensed contractor or other qualified professional**
- **HomeBridge Underwriting reviews estimate for acceptability. If approved, condition will be added to loan approval noting the escrow holdback/repair approval specifics**

- **Once an escrow holdback/repair has been approved, the Account Manager will re-disclose for a re-inspection fee**
 - ✓ **The re-inspection fee varies based upon AMC used to complete appraisal report**

- **HomeBridge will prepare an escrow holdback/repair agreement for Borrower signature with docs**
 - ✓ **Agreement confirms amount of funds to be held by escrow, scope of work to be completed, and acknowledgment work to be completed within 14 calendar days**
- **HomeBridge manages the holdback as the lender (no action from escrow required)**
- **Repair escrow and re-inspection amount netted from wire**

- **The Broker is responsible to notify the Account Manager that repairs are completed within 14 calendar days of loan disbursement**
 - ✓ In addition to confirming work completed, Broker must provide an updated final contractor invoice
 - The final contractor invoice will confirm payee and dollar amounts have not changed
 - ✓ Account Manager will be responsible to order the final inspection from AMC

- **Upon receipt of final inspection and final invoice, Account Manager works with post -closing to release funds per the terms and conditions of the agreement**
 - ✓ **Typical turn time for Borrower to receive funds is 7-10 business days from HB receipt of final inspection**
 - ✓ **Account Manager will send confirmation email with tracking information to Broker when funds released**
 - ✓ **Requests for status updates should be sent to AM**

- **Payee funds are released based upon loan type**
 - ✓ **Non HUD REO: Check made payable to Borrower for release of holdback funds**
 - **Borrower responsible to pay Contractor**
 - ✓ **HUD REO: Check made payable to Borrower and Contractor as joint payees**

- **Please refer to the individual program guidelines for additional information**