

# Escrow Holdback/Repair Option



homebridge  
wholesale

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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 on USDA, Jumbo Gold, Jumbo Elite, Access, Elite Access, and Investor Solution transactions
  - ✓ A pricing adjustor applies – refer to the Homebridge 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 Homebridge 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 Account Manager

- 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