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**Mortgage Tidbits**

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**Keeping you informed and in the know….**

**FHA Escrow Holdback for Repairs**

**Here are some general guidelines for escrow holdbacks:**

* Up to $5,000 is allowed, nothing over. The max amount must include 2 bids for repairs and 150% of bid. If the repairs will be paid for by the seller, FSB will allow 100% of the bid to be held back.
* FSB will use the higher of the 2 bids for the calculation of the Escrow Holdback amount.
* Only appraiser noted repairs to bring the home up to HUD standards can be included.
* An Escrow Repair Holdback Agreement must be signed by the borrower and seller.
* Final inspection and Final Invoice are required to release the funds.
* Repairs are to not exceed 30 days to complete or additional fees may apply for the borrower
* Repairs can only be completed by a licensed contractor or if the state does not require licensing, the contractor must be verifiable and have valid insurance.
* Loan must be locked through the time it takes to complete the repairs.
* Repairs cannot under any exception be completed by the borrower.

**Weather Related Repairs:**

Though acceptable, they must be completed at the first available opportunity, or a penalty may be incurred.

* these repairs will require 2 bids from licensed contractors.
* The higher bid will be used for holdback.
* 150% of the higher bid will be used, regardless of who is providing the funds at closing.
* A final inspection for the repairs will be required to release the funds.
* Final inspection along with final invoices are to be sent for approval.

FHA loans do not allow the repair amounts to be included in the loan amount. All funds must come from the seller or borrower or a combination of the two.

**Call us today for the best answers to the mortgage questions!**

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