

**Mortgage Tidbits**

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

**Escrow for Repairs/Completion**

There are so many homes on the market needing TLC and extra maintenance. It is important to have flexibility in order to keep these deals working.

For minor conditions that do not affect the safety and livability of a property, the appraisal will be completed “as is” and must be reflected in the appraiser’s opinion of the home value. For properties that are appraised “subject to” the completion of specific repairs to support the value of the home, Flanagan State Bank offers Escrows for Repair options.

**Existing Properties**

* $5,000 allowed; must include bid plus 50% of bid(s) for a total of 150% to be held - funds may come from buyer, seller or if a USDA loan, be financed
* 2 bids from 2 different contractors will be needed. FSB will use the higher of the 2 bids for the holdback calculation
* Only repairs to be made are ones noted by appraiser to meet product guidelines
* Closing Disclosure will reflect the holdback amount
* Repairs must be completed within 30 days of loan closing
* Final inspection required to verify repairs are complete before any funds will be released
* Escrow Holdback Repair agreement signed by all parties prior to the loan closing. This will be needed for underwriting.
* Loan must be locked through duration of completing repairs
* Repairs to be completed by licensed contractor, *not* the borrower

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

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