



Wholesale – Escrow Holdback

5.23.23

Policy

- Purchase transactions only (Existing or New Construction).
- Maximum allowable escrow is the lesser of \$15,000 or 10% of the appraised value.
- Escrow Holdback/Work Completion escrow are **permitted for weather-related repairs only** that do not impact the safety, soundness, and structural integrity of the improvement.
- A minimum of 150% of the cost for completing improvements must be held in escrow (this figure is based off the highest bid).
- File must contain at least two bids from licensed contractors.
- File must contain a W9 for each contractor.
- Cost of the final inspection must be collected on the closing disclosure.
- The escrow funds must be reflected on the closing disclosure.
- Property must be suited for immediate occupancy.
- Property must be a 1-4 Unit, Condo, or PUD, and meet all underlying agency guidelines (no manufactured homes allowed).
- Borrowers may not complete the improvements.
- Must be completed within 180 days of the Note (VA is 90-120 days).
- Escrow holdback fee \$250 - Paid to VIP to prepare, hold, and administer fees.

Allowable Improvements

- Scrape and paint
- Grade and seed
- Concrete work (driveways, sidewalks, patios)
- Minor roof repairs

Non-Allowable Improvements

- Pool repairs
- Any item that impacts safety, habitability, or marketability of subject property
- Foundation repairs
- Septic repairs

Funds and Disbursements

- V.I.P. Mortgage, Inc will hold and administer the holdback funds.
- Final Inspection from the original appraiser upon completion of repairs.
- Final Invoice from the contractor(s) for required repairs.
- W-9 form fully completed.
- Unused holdback funds will be refunded to the party who funded the holdback.