



Repair Escrow Policy

Mortgage 1, Incorporated may allow a loan to close prior to required repairs being completed on the subject property subject to the following terms:

This policy applies to the following eligible loan programs:

- FHA
- VA
- USDA
- Conventional

Mortgage 1 Inc allows escrow repairs for minor repairs such as:

- Water heater (with pressure test if currently not functioning)
- Scraping and painting
- Outlet covers
- Flooring

These Major repairs are typically not allowed to be escrowed for:

- Roofs
- Septic System
- Mold remediation
- Lead based paint removal
- Foundation issues
- Standing water
- Wood rot

Escrow amount will be calculated as 1.5 times the highest bid to complete the work.

- Minimum \$1000
- Maximum \$20,000
- Minimum of 2 bids required for each repair being escrowed for if the repair is in excess of \$750 – Unless the bid is from a builder, than only the bid from the builder is required. Bids must be from a licensed professional.
- Borrower labor may not be included in the repair escrow amount

Weather related repairs follow the frost dates. Below are links for the frost dates in Michigan and Ohio (TX and FL typically do not have frost dates):

Michigan:<http://www.plantmaps.com/interactive-michigan-first-frost-date-map.php>

Ohio:<http://www.plantmaps.com/interactive-ohio-first-frost-date-map.php>

When required, submit the following to repairescrow@mortgageone.com for approval:

- Repair Escrow Request form
- Appraisal
- Purchase agreement
- Bids
- 1008/3

Which department approves the holdback:

	Who approves Repair
Conventional	Repair Escrow Team
RD	Always approved by USDA
FHA	Bank/Agency Owned - UW can approve
	Weather related - UW
	Non-weather - Repair Escrow Team
VA	Weather related - UW
	Non-weather - Repair Escrow Team

Appraisal requirements:

- If the value by the Appraiser was done subject to repairs or alterations ("as repaired"), the Appraiser must describe the work to be completed and provide an "as repaired" value
- If the value reported by the Appraiser was done "as is" but the purchase agreement or Home Inspection Report require repairs, an estimate or bid for the labor and materials to complete the required work must be obtained from the Builder or a qualified licensed (if available) contractor.

Time allowed for completing work:

- Exterior improvements should be completed no more than 60 days after closing (weather permitting).
- Interior improvement to be completed no more than 30 days after closing

Underwriting requirements:

- Underwriter must condition for a fully executed Escrow Holdback Agreement
- If the contract indicates that the borrower is financially responsible for the required repairs, the source of the funds must be documented. Follow standard requirements for documentation of assets/funds to close.

Mortgage 1 Inc. will prepare the Escrow Holdback agreement that will be executed by all parties at closing of the loan. Failure to complete the repairs in the required time frame will result in Mortgage 1, Inc. to order the completion of the repairs and subsequent final inspection. Branches will be responsible for any shortage of funds for the repair escrow in these cases.

When Repair Escrow is ready to be disbursed, please email the fully completed repair escrow disbursement form as well as the following documents (as applicable) to your underwriter for sign off. Please remember to CC: repairescrowdisbursement@Mortgageone.com.

- Final Inspection
- Final Inspection Invoice
- Contractor Invoice(s)
- Homeowner paid receipt(s)
- W-9