



Escrow Holdback Policy

All Escrow holdbacks must be prior approved.

Documents to submit for escrow holdback approval:

1. Copy of purchase contract
2. Bid(s) for all work that is to be completed
3. Escrow Holdback Authorization Form
4. Fully Completed W9 from contractor

Types of escrow holdbacks:

1. Weather related issues
2. Minor repairs
3. HUD REO

General guidelines and policies:

1. All escrow holdbacks are held by Southwest Funding
2. Southwest Funding will hold back 100% of the bid(s)
3. Lock must not expire prior to final inspection. Branch responsible for any extension or relock fee
4. 25bps pricing adjustment - escrow holdback fee
5. No monies go back to the borrower
6. Escrow holdback cannot exceed \$5000
7. Foundation repair and roof replacement not allowed
8. Loan officer/branch to disclose a final inspection fee

Escrow holdback procedures:

1. Loan officer or processor to submit all required documents to their Account Manager who will submit to TPO Underwriting Manager for Approval.
2. If escrow holdback is approved, Account Manager will upload the Escrow Holdback Authorization Form and all bids to the loan file in Calyx Point
3. Underwriter will condition the loan for escrow holdback and for a final inspection indicating all repairs are complete
4. Closer will close and fund the loan without the repairs completed or final inspection
5. Processor should order a final inspection upon completion of all repairs and Provide to Account Manager
6. Closer will monitor the escrow holdback calendar and notify Account Manager on any delinquent final inspections
7. Account Manager is responsible to provide final inspection to closing department.
8. No funds will be paid to the borrower for any reason.
9. Loan Originator and borrower to sign Escrow Holdback Agreement stating all funds will be paid to the approved contractor.
10. No self- help.