



ESCROW HOLDBACK POLICY

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ESCROW HOLDBACK POLICY

INTRODUCTION

OVERVIEW

It is the policy of Ameritrust Mortgage Corporation to require the completion of property repairs or improvements prior to loan closing. However, weather-related conditions in certain areas may necessitate the closing of a loan prior to the completion of required repairs. In such instances, Ameritrust Mortgage Corporation may allow the establishment of a repair escrow, subject to the guidelines set forth in this policy. Under no circumstances will a loan be allowed to close if the incomplete repairs compromise the livability, safety, or structural integrity of the property or hinder the ability to obtain a Certificate of Occupancy for a new or proposed construction.



ESCROW HOLDBACK PROCESS

ESCROW ESTABLISHMENT AND APPROVAL PROCESS

The process for establishing and approving a repair escrow includes the required documentation and conditions for approval. It ensures that escrow holdbacks are managed in compliance with Ameritrust Mortgage Corporation guidelines, and that necessary repairs are completed before loan funding.

The repair escrow must receive approval from Ameritrust Mortgage Corporation in writing prior to issuing a Clear to Close. The escrow is limited to exterior repairs and/or improvements that could not be completed before closing due to weather-related delays. The following documentation must be provided to obtain approval:

- Appraiser's itemization of work to be completed.
- Two (2) bids from acceptable third parties detailing the repair costs. Identity of Interest or conflicts of interest between a contractor and other parties to the transaction are prohibited. Acceptable third parties include:
 - A contractor/painter providing an estimate
 - An independent contractor performing the necessary services
 - A representative of a home improvement store
- Estimated completion date
- Party responsible for providing escrow funds (borrower or seller).

Ameritrust Mortgage Corporation will condition for a fully executed Escrow Holdback Agreement prior to funding.

The Title Company or Closing Agent must agree to hold the escrowed funds. Ameritrust Mortgage Corporation will not hold the funds.

If the contract indicates that the borrower is financially responsible for the repairs, the source of funds must be documented in accordance with assets/funds documentation guidelines.

All loans with escrow holdbacks are restricted to corporate underwriting and must be closed by the corporate closing team.

ESCROW HOLDBACK AGREEMENT

A fully executed Escrow Holdback Agreement must be obtained prior to funding. The Title Company or Closing Agent must agree to hold the escrowed funds, as Ameritrust Mortgage Corporation will not hold them.

A fully executed Escrow Holdback Agreement must be obtained prior to funding.

Ameritrust Mortgage Corporation will provide the completed escrow holdback agreement with the closing package.



The Title Company or Closing Agent must agree to hold the escrowed funds. Ameritrust Mortgage Corporation will not hold the funds.

ESCROW AMOUNT

The escrow amount for repairs is capped at \$5,000, with escrowed funds required to cover a percentage of estimated repair costs based on the loan program.

Maximum Escrow Amount:

The total cost of repairs, including the Certificate of Completion fee, may not exceed \$5,000.

Total Repair Costs:

Escrowed funds must be equal to:

- 100% of the estimated repair costs for FHA and USDA loan programs
- 120% of the estimated repair costs for Conventional and Non-QM loan programs
- 150% of the estimated repair costs for VA loan programs

EXCESS OR INADEQUATE FUNDS

After repairs are completed, any unused escrow repair funds will be refunded to the party that provided the funds.

If the escrow funds are insufficient to cover the required repairs, Ameritrust Mortgage Corporation will require the property borrower to deposit additional funds to complete the repairs and/or improvements.

RELEASE OF FUNDS

Once repairs are completed and Ameritrust Mortgage Corporation has received evidence of completion, only Ameritrust Mortgage Corporation is authorized to instruct the title company to release the escrow funds to the party that provided the funds.

The Title Company or Closing Agent will not release the funds without this authorization.



REPAIR REQUIREMENTS

ELIGIBLE REPAIRS

The types of exterior repairs and improvements eligible for escrow holdbacks under Ameritrust Mortgage Corporation's policy must be minor in nature and not impact the property's livability or safety.

- Exterior paint
- Fencing
- Final grade
- Gutters
- Landscaping
- Lawn seeding
- Patio/Porch
- Pest Treatment
- Sod
- Sprinklers
- Walkways
- Deck
- Driveway

INELIGIBLE REPAIRS

Repairs that affect the property's livability, safety, or structural integrity, or involve significant remediation, are not eligible for escrow holdbacks. These include issues that require major repairs or unresolved hazards.

- Structural items
- Unfinished additions or renovations
- Non-functional well or septic system
- Major foundation cracks
- Extensive water damage
- Unrepaired termite damage
- Missing or damaged HVAC systems
- Unresolved environmental hazards

COMPLETION TERM

Documentation of completion of repairs/improvements must be submitted to Ameritrust Mortgage Corporation at escrowholdback@ameritrust-mortgage.com within 30 days of the Note date.



EVIDENCE OF COMPLETION

The appraiser must perform a final inspection and complete the Certificate of Completion (Appraisal Update and/or Completion Report – Fannie Mae Form 1004D/Freddie Mac Form 442), verifying that the improvements were completed according to the original appraisal’s requirements and conditions. The Certificate of Completion must:

- Be completed by the appraiser
- State that the improvements were completed in accordance with the requirements and condition on the original appraisal.

FAILURE TO COMPLETE REPAIRS

If the repairs are not completed within the required completion term, Ameritrust Mortgage Corporation reserves the right to call the Note due.



PROPERTY AND LOAN REQUIREMENTS

TITLE INSURANCE

The requirements for title insurance in relation to escrow holdbacks ensure that the title policy remains unaffected by the escrow arrangement and that no exceptions are made for postponed improvements or the escrow agreement.

- Title insurance may not be adversely affected by the escrow holdback.
- The final title policy may not:
 - Reflect any outstanding mechanic's liens,
 - Take exceptions to the postponed improvements, or
 - Take exceptions to the escrow agreement.

INELIGIBLE PROPERTY TYPES

The Company does not allow escrow holdbacks on manufactured homes or Co-Op properties. Any loan involving a manufactured home or a Co-Op is ineligible for escrow holdbacks, regardless of the repair type or completion status.

LOAN PROGRAMS AND LOAN TYPES

The eligible and ineligible loan programs and channels for escrow holdbacks are outlined based on program-specific guidelines.

Eligible:

- Conventional (Fannie Mae and Freddie Mac)
- Government (FHA, VA, USDA)
- Non-QM
- Purchase transactions

Ineligible:

- Prime Jumbo AUS
- HUD REO (203(k)) and Energy Efficient Mortgages (EEM)
- Non-Delegated loans
- Refinance transactions