1. Maximum Repair Amount is $5,000 or 10% of the property values whichever is less.
   *(There are options for amounts over $5,000, please call)*

2. 150% of Repair Amount will be withheld up to a max of 10% of the property or $7,500 whichever is less.

3. All repairs must be completed within 15 days of closing. P H M must approve all extensions in advance.

4. When required by PHM a 442 (appraiser’s verification of completion) must be received before escrow funds are released.

5. All broker compensation will be withheld until repairs are completed and escrow is released.

6. All escrow repairs must be approved in ADVANCE by PHM underwriting.

7. P H M may require up to three bids from licensed/certified contractors. *1 bid mandatory.*

8. Escrow Funds CANNOT be used for livability issues such as mold mitigation, safety issues, or structural repairs. The escrow funds should also not be used to change the footprint of the house.

9. The repair costs can be financed with the difference between purchase price and appraised value. But only for 100% of the repairs and not the extra 50% hold back.

10. The funds can come from the seller, borrower, gift (family member only) or any combination.
PHM APPROVED BROKER FUNCTIONS:

*Orders appraisal. (“As Improved” valuation may be required to support financing of repairs. The amount of financed repairs must be shown on page 3 of the 1003 – Details of Transaction and on RD Form 1980-21.) All USDA Appraisals are ordered through PHM or broker can select the AMC company.

*HUD sheet appraisal addendum or RHS state-specific inspection.
   NOTE: All of the above may be completed by an appraiser familiar with RHS and HUD Handbook requirements, except in NC and AL, where RHS state-specific inspection must be completed by a licensed home inspector.

Obtains itemized bid(s) from licensed contractor or tradesmen. **No self-help permitted.** Bid must contain the following information:
  * Name, address, telephone number, and license number of contractor.
  *Address of job location.
  *Complete description of repairs with materials and labor costs.
  *Signature from contractor and completion date (must be within 15 days of loan closing, unless weather-related).

PHM FUNCTIONS

Approves post-closing escrow accounts, subject to the following guidelines:
*Repair cost must exceed $250.
*Repair costs not to exceed the LOWER of:
  10% of proposed loan amount or $5,000 whichever is less. Exceptions can be made over $5000.
  150% of repair costs are held in escrow.
*Escrow Administration Fee to PHM $375.00.
*No self-help is permitted.
Repairs to deficiencies that affect livability or safety cannot be escrowed.

Prepares closing documents and escrow agreement stating that:
*Loan proceeds for repairs are to be deposited in Settlement Agent's escrow account.
*All YSP and SRP proceeds will remain in an escrow account until all work is completed and approved by PHM.
*An additional deposit of 50% of cost of repairs into the escrow account to cover cost overruns and to ensure completion of repairs is required. **(This amount cannot be financed, but may come from any party other than PHM)**
*Repairs must be completed within 15 days. If the repair cannot be completed within 15 days due to weather-related issues, PHM must approve any time frame beyond the 15-day requirement.

*Funds will be released only at the completion of repair work, and subject to final inspection. **(No draws.)**
*Settlement Agent must manage escrow account, and disburse funds remaining in escrow at completion of work according to escrow agreement instructions. No cash back to the borrowers is allowed unless the borrowers deposited their own funds into escrow overrun account. The borrowers may not, however, receive a “reimbursement” for costs associated with the repair work unless approved by PHM.

Broker Obtains final inspection and photos to show that all work has been completed, and forwards to: phmconditions@phmtpo.com

PHM Approves final inspection and instructs Settlement Agent to disburse funds.

Settlement Agent Disburses funds according to PHM's instructions