FHA ESCROW HOLDBACK AGREEMENT

Date: [Insert Date]

FHA Case Number: [Insert Case Number]

Property Address: [Insert Full Property Address]

PARTIES:

This agreement is made between [Insert Borrower Name] (Borrower), [Insert Seller Name] (Seller, if applicable), and [Insert Lender/Escrow Agent Name] (Lender).

1. PURPOSE:

The parties agree to establish an escrow holdback account to ensure the completion of required repairs or improvements to the property that could not be finished prior to closing due to [Insert Reason, e.g., weather conditions].

2. ESCROW AMOUNT:

The sum of $[Insert Amount] (which must be at least 150% of the estimated cost of repairs) shall be held in escrow by the Lender from the loan proceeds or seller funds.

3. DESCRIPTION OF WORK:

The following items must be completed:

- [Item 1]
- [Item 2]
- [Item 3]

4. COMPLETION DATE:

All repairs must be completed, inspected, and approved by [Insert Deadline Date, not to exceed FHA guidelines].

5. DISBURSEMENT OF FUNDS:

Funds will be released only upon receipt of a final inspection report (Form HUD-92051 or equivalent) or a certification of completion by a qualified inspector, and evidence that all mechanics' liens have been waived or satisfied.

6. FAILURE TO COMPLETE:

If the work is not completed within the specified timeframe, the Lender is authorized to use the escrowed funds to complete the repairs or apply the funds as a principal reduction to the mortgage balance.

SIGNATURES:

____
Borrower Name & Date

____
Seller Name & Date (if applicable)

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Lender Representative Name & Date