

Pennsylvania Housing Finance Agency
Homeownership Programs Division
 P.O. Box 8029, Harrisburg, PA 17105-8029
 Phone (717) 780-3871
 FAX (717) 780-3872

ESCROW AGREEMENT FOR IMPROVEMENTS

PHFA LOAN # _____

Property Address _____

CONTACT INFORMATION:

Lender Name: _____

Title Agent (if they are holding the funds): _____

Address _____

Contact Name _____

Contact Phone _____ Email _____

Borrower(s) Name(s): _____

Phone _____ Email _____

Seller(s) (applicable if a Party to this Agreement): _____

Address (after closing) _____

Phone _____ Email _____

Appraiser/Inspector: _____

Company _____

Address _____

Phone # _____ Tax ID # _____ Email _____

Contractor Name _____

Company _____ License # _____

Address _____

Phone # _____ Tax ID # _____ Email _____

(List additional contractor on separate page if needed, no more than 2 contractors are permitted)

This Escrow Agreement is made as of this _____ day of _____, 20____ by and between the borrower(s) named above and the Escrow Administrator, who is either PHFA Lender OR Title Agent listed above.

Whereas, Borrower is financing a loan secured by certain real property which needs improvements; and

Whereas for weather-related items, PHFA requires funds equal to one and one-half times the estimated costs to complete said improvements to be deposited into an escrow account; and for Purchase Improvement or Access Modification Program items, PHFA requires only the actual dollar amount of the improvements to be held in escrow;

Now, therefore, in consideration of the covenants and conditions contained herein and for other good and valuable consideration, the parties agree as follows:

1. The sum of \$_____ (“Deposited Funds”) has been deposited into an escrow account and is to be used for estimated inspection cost, and the cost of completing the following improvements to the Property:

	ITEM (List additional items on separate page.)	**COST	AMOUNT ESCROWED
1		\$	\$
2			
3			
4			
5			
6			
	Sub Total		
	Estimated inspection fee(s) - max of 2 (normal & customary amount to be charged)		
	Grand Total		

** Use 1 ½ times the estimated cost for minor weather-related items only that are not part of a purchase & improvement loan.

2. The parties acknowledge that for the period of time the deposited funds are held, no party shall be entitled to any interest on the deposited funds. PHFA/Lender shall have no liability to borrower for disputes arising from disbursements of the deposited funds.
3. This Escrow Agreement may not be amended or changed except by an agreement in writing signed by Borrower and the Escrow Administrator.

4. Borrower’s responsibilities:

- Borrower agrees to have the said improvements completed on or before _____ (the “Completion Date”), and in accordance with the contract(s) previously approved by Lender and PHFA. A contractor who holds all required licenses and registration shall complete all such Improvements.
- Borrower agrees to provide access to the property in order to complete the improvements and for the inspections.
- Borrower agrees to be responsible for funding any cost overruns, unforeseen expenses, work not approved by the Lender and/or PHFA, and the cost of any work that exceeds the “as approved” appraised value. If additional funds are required in order to complete the improvements, borrower agrees to deposit them within ten business days of the request.
- Borrower agrees to provide PHFA will all receipts and documentation for the work that was completed.
- Upon completion of the Improvements, Borrower shall forward to the escrow holder a fully completed and signed PHFA Form 49 (Acknowledgment of Completion of Repairs/Improvements). Borrower agrees that PHFA/Lender shall be entitled to rely on the report of the inspector as conclusive proof that the improvements have been satisfactorily completed.

- Borrower and Seller agree to cooperate fully (if Seller is a party to this Agreement).

5. Escrow Administrator responsibilities:

- The Escrow Administrator shall employ an independent appraiser or inspector to determine whether the Improvements have been satisfactorily completed. All fees for the Inspections shall be paid out of the Deposited Funds. If the Inspector determines that the Improvements have been satisfactorily completed, the funds will be promptly disbursed to pay all invoices that have been presented for the Improvements. If there are funds remaining, that portion, if any, shall be reimbursed to the BUYER OR SELLER depending upon who deposited the funds. If the seller or another party is to receive the refund please list the name, address and phone number below. However, if this is a Purchase Improvement Loan or an Access Modification Loan, any remaining funds, must be applied to the principal balance of the loan.

(Name) _____

(Address) _____

(Phone #) _____

- If the Inspector determines that the Improvements have not been satisfactorily completed, the funds will not be disbursed. With written consent from PHFA the Borrower may be granted additional time to have the Improvements properly completed. Thereafter, the Escrow Administrator shall have the Inspector re-inspect the property. If the Improvements have not been completed by the completion date or within the permitted additional period, the Escrow Administrator shall have the right to cause the improvements to be made, and to pay for the completion of said improvements out of the deposited funds. The Escrow Administrator also reserves the right to apply the money to the principal loan balance or continue to hold it in escrow if the repairs are not completed.

Please sign below to indicate your understanding and acceptance of the terms of this Escrow Agreement.

Borrower (sign and date)

Borrower (sign and date)

Seller (sign and date)

Seller (sign and date)

Lender (sign and date)