

**Affordable Housing Corporation of Lake County**  
**Homebuyer Programs Post-Purchase Home Repair Policy & Certification Form**  
***Approved 8/14/2009***

**PURPOSE:**

The Post-Purchase Home Repair Policy is being established at this time (August 2009) in response to current market conditions in which homes in foreclosure represent the majority of purchase options for prospective homebuyers. This policy makes it possible for AHC's homebuyers to avoid spending monies on repairs for a property in which the transaction may eventually not close due to the complex nature of purchasing foreclosed homes. AHC will revisit this policy as market conditions change.

**TERMS AND CONDITIONS:**

- 1) The Post-Purchase Home Repair Policy enables homebuyers purchasing a home in foreclosure to make some repairs after closing.
- 2) Homes must be in the process of foreclosure or already foreclosed upon.
- 3) Buyers may hold in escrow a maximum of \$5,000 for property repairs. The escrow must be administered by the First Mortgage Lender and should be identified on the HUD-1.
- 4) All repairs must be made within 30 days of closing. Should the buyer neglect to make the repairs, the First Mortgage Lender is responsible to insure the repairs are done with 15 days following the end of the initial 30 day period. Should the repairs not be made within the maximum 45 days, the homebuyer will be considered in default and all AHC mortgages and notes will become due and payable immediately.
- 5) Homebuyers must obtain a minimum of 2 bids from a licensed professional for any items that are required to be repaired. The amount of monies placed in escrow must be equal to the larger of these bids. Should the homebuyer obtain 3 bids, the amount placed in escrow must be equal to the average of these bids.
- 6) If additional monies are still in escrow upon the completion of all work, the remaining funds must be used to pay down the principle. No funds may be given back to the homebuyer.
- 7) The escrow may be created using the homebuyer's own funds, gifted funds, or additional monies that are financed into the first mortgage. Funds for the repairs may not be financed into any of the subordinate mortgages. Should the escrow monies be financed into the mortgage, the total amount financed may not exceed the "as is" appraised value at the time of purchase, and the homebuyer must meet all AHC underwriting guidelines.
- 8) Prior to the homebuyer moving in the new property, proof must be given to demonstrate that the property meets FHA minimum property standards.
- 9) All documentation must be submitted as outlined below.

**DOCUMENTATION (IN ADDITION TO THOSE ITEMS ALREADY REQUIRED BY AHC):**

Items to be submitted to AHC prior to closing:

- Bids from the contractors and/or relevant parties stating the expense to be incurred
- A fully executed Homebuyer Programs Post-Purchase Home Repair Policy & Certification Form

Items to be submitted to AHC within 5 days upon completion of work:

- Invoice from the contractor(s) or relevant parties for the completed work
- Invoice demonstrating that a final inspection has occurred and in which the inspector certifies that all repairs have been made satisfactorily
- Proof of payment to all contractors and/or relevant parties
- Proof that the property meets FHA minimum property standards and is therefore safe, sound and habitable (acceptable documentation includes an FHA appraisal, Certificate of Occupancy, or a letter from an appraiser or licensed home inspector certifying that the property meets FHA minimum property standards)

**CERTIFICATIONS:**

In signing the below, the Homebuyer(s) and First Mortgage Lender certify that they agree to and will follow the terms and conditions outlined in this policy.

Buyer(s): \_\_\_\_\_

Property Purchase Address: \_\_\_\_\_

\_\_\_\_\_

Closing Date: \_\_\_\_\_ Amount to be Escrowed: \_\_\_\_\_

First Mortgage Lender Institution: \_\_\_\_\_

\_\_\_\_\_  
Homebuyer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Homebuyer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
First Mortgage Lender Representative \_\_\_\_\_ Date \_\_\_\_\_

