

Repairs Holdback and Escrow Agreement

This contract is a Repairs Holdback and Escrow Agreement (this “Holdback Agreement”) dated _____, 2011, and is entered into between _____ and _____ (“Borrower”), of _____, MA _____ and AURA MORTGAGE ADVISORS, LLC (“Aura”), of 56 Warren Street, Roxbury, MA 02119.

The following facts form the background for this Holdback Agreement:

A. Borrower has obtained a residential mortgage loan (the “Mortgage Loan”) from AURA MORTGAGE ADVISORS, LLC to enable Borrower to purchase the property located at _____, _____, MA _____ (the “Property”).

B. Before making the Mortgage Loan to Borrower, Aura obtained an appraisal of the Property from a licensed appraiser (the “Appraisal”) and Aura hired a licensed contractor (the “Inspector”) to inspect and prepare a report on the physical condition of the Property (the “Inspection”). The purpose of the Appraisal and Inspection was to determine the value of the Property and whether the Property needed any repairs or improvements in order to bring the Property into a good and safe condition.

C. Based upon such Appraisal and Inspection, Aura has determined that the following specific repairs and/or improvements (the “Repairs”) need to be made to the Property:

[set forth below is a list of sample Repairs; the actual Repairs identified for the particular Property should be listed here:]

- *Replace missing shingles on roof*
- *Repair/replace gutters and downspouts*
- *Repair/replace back porch to bring into compliance with the State Building Code*
- *Repair/replace railings on back porch to bring into compliance with the State Building Code*
- *Repair/replace the main entrance concrete steps*
- *Patch and paint ceilings and walls in bedroom and kitchen]*

D. Aura's Inspector, based upon the Inspection, has estimated that it will cost up to approximately _____ and xx/100 Dollars (\$_____) to make the Repairs (the "Estimated Repairs Cost").

E. In connection with the Mortgage Loan, Aura requires the Repairs to be promptly made by a properly licensed and insured contractor selected by Borrower and reasonably approved by Aura as provided below in this Holdback Agreement.

F. To make sure that Borrower has the funds to hire such contractor and pay for the Repairs, Aura is holding back, and putting aside into escrow a portion of the proceeds of the Mortgage Loan in the amount of _____ and xx/100 Dollars (\$_____) (the "Escrowed Repair Funds"). The Escrowed Repair Funds equal the sum of (i) the Estimated Repairs Cost PLUS (ii) a repairs cost overrun contingency of twenty percent (20%) of the Estimated Repairs Cost, PLUS (iii) Aura's estimate of the cost of the Inspector's periodic inspections ("Inspection Costs") of the Repairs as they are being made.

Now, therefore, Borrower and Aura agree as follows with respect to the Repairs and the Escrowed Repair Funds:

1. **CONTRACTOR SELECTION.** Borrower must first select a contractor who will perform and complete the Repairs. Such contractor must be selected in accordance with the following provisions (and the contractor so selected by Borrower is referred to in this Holdback Agreement as the "Contractor"):

(a) Such contractor must be a home improvement or general contractor who is properly licensed and insured. Before the Repairs Construction Contract (as defined below) is signed, the contractor must provide both Borrower and Aura with copies of the contractor's current license and current insurance certificates.

(b) Borrower may freely select any contractor of Borrower's choice, so long as the contractor is properly licensed and insured and satisfies the other requirements described in this Section 1. If Borrower does not know any contractors, Aura will provide Borrower with a list of other licensed and insured contractors that Aura has worked with in the past. By providing such list, however, Aura makes no representation or warranty regarding the skill, quality or capabilities of any contractor on such list. Borrower expressly agrees that neither Aura nor its affiliates, nor their respective directors, officers, agents or employees, shall have any liability whatsoever for any acts or omissions of any contractor selected by Borrower.

(c) The contractor selected by Borrower shall be subject to the reasonable approval of Aura.

2. CONSTRUCTION CONTRACT. Once the Borrower has selected the Contractor as described above in Section 1, Borrower and Contractor must negotiate and enter into a written contract in accordance with the following provisions (and the written contract so entered into by Borrower is referred to in this Holdback Agreement as the “Repairs Construction Contract”):

(a) The contract must specify in detail the specific repairs and improvements that make up the Repairs and the quality of the materials to be used in making the Repairs (together, the “Scope of Work”), and the cost of performing the work and obtaining and installing the materials necessary to complete the Repairs (the “Construction Cost”).

(b) The Scope of Work may only include the Repairs; no repairs or improvements other than the Repairs may be included in the Scope of Work.

(c) The contract must require the Repairs to be commenced promptly after the contract is signed, and weather permitting, all of the Repairs are to be substantially completed within three months after the contract is signed, and to be fully and finally completed within six months after the contract is signed.

(d) The contract must also specify in detail how the Construction Cost will be payable to the Contractor (i.e., the number of installments, the amount of each installment, the conditions that the Contractor must satisfy before each installment will be paid, and the final conditions that must be satisfied before final payment will be made, etc.).

(e) The contract must provide that no installment of the Construction Cost will be disbursed by Aura until both Borrower and Aura’s Inspector have approved the Repairs completed as of the date of the installment; and that Aura will pay installments of Construction Cost by check payable jointly to Borrower and Contractor.

(f) The contract must list the specific local building permits that must be obtained for the Repairs (the “Required Permits”). The contract will provide that no work under the contract may start and no installments of the Construction Cost will be disbursed by Aura, until both Borrower and Aura’s Inspector have received copies of the Required Permits; and that the final installment of the Construction Cost will not be disbursed by Aura until both Borrower and Aura’s Inspector have received written evidence that all work performed under the Required Permits has been signed off on and approved by the appropriate municipal electrical, plumbing, mechanical and/or building inspectors.

(g) The Scope of Work and the Construction Cost specified in the contract must be consistent with the Repairs and the Estimated Repairs Costs, and the Construction Cost may not exceed the amount of the Escrowed Repair Funds.

(h) To ensure that the Repairs Construction Contract complies with all of the requirements of this Holdback Agreement, the attached “Aura Construction Contract Rider” must be attached to and made a part of the Repair Construction Contract.

3. **DISBURSEMENT OF ESCROWED REPAIR FUNDS.** Aura will disburse the Escrowed Repair Funds in installments, subject to and in accordance with the following provisions:

(a) Use of Escrowed Repair Funds. Aura will disburse Escrowed Repair Funds only for the following purposes: (i) payment of Construction Costs; (ii) payment of Required Permits costs; (iii) payment of Inspection Costs; and (iv) to disburse the amount of Escrowed Repair Funds remaining after payment in full of the costs described in the preceding clauses (i) through (iii) (such remaining funds are referred to in this Holdback Agreement as “Excess Escrowed Funds”) to the extent determined by Aura, in its sole discretion, to fund the Capital Reserve Account required under the Mortgage Loan and/or to make partial prepayments of principal under the Mortgage Loan.

(b) Initial Installment. Aura will release and disburse from the Escrowed Repair Funds the amount necessary to pay the initial installment due under the Repairs Construction Contract by check payable jointly to Borrower and the Contractor within three business days after Aura’s receipt of (i) a fully executed copy of the Repairs Construction Contract, (ii) the Contractor’s license, (iii) the Contractor’s insurance certificate, (iv) copies of all Required Permits, and (v) Aura’s Inspector’s determination that the Scope of Work and the Construction Cost specified in the Repairs Construction Contract is consistent with the Repairs and the Estimated Repairs Costs, the Construction Cost specified therein does not exceed the amount of the Escrowed Repair Funds, and that the Aura Construction Contract Rider has been attached to and incorporated into the Repairs Construction Contract. If Aura’s Inspector determines that the Repairs Construction Contract does not comply with the requirements of the preceding clause (v), the Borrower and Contractor must amend the Repairs Construction Contract, as needed, to bring the Repairs Construction Contract into compliance, before Aura will release and disburse the initial installment.

(c) Work Progress Installments After the Initial Installment Has Been Disbursed. Aura will release and disburse from the Escrowed Repair Funds the amounts necessary to pay

subsequent installments within five business days after Aura's receipt of the following information and documents with respect to each installment:

(i) A written request from the Borrower for the installment in the form of the attached "Holdback Request Form"; such written Holdback Request Form must specify the amount of the installment, the details of the work performed up through and including the date of the written Holdback Request Form, and Borrower's confirmation that Borrower is satisfied with all work performed up through and including the date of the written Holdback Request Form and approves payment of the requested installment. If the written Holdback Request Form asks for reimbursement of the cost of supplies and materials purchased for the Repairs, the written Holdback Request Form must include copies of invoices for such costs.

(ii) Written confirmation from Aura's Inspector indicating that Aura's Inspector has inspected all work performed up through and including the date of the written Holdback Request Form, is satisfied that all such work complies with local codes and is consistent with the Scope of Work set forth in the Repairs Construction Contract, and approves payment of the requested installment.

(d) Final Installment. Within five business days after Aura's receipt of the following information and documents, Aura will release and disburse from the Escrowed Repair Funds the amount necessary to pay the final installment due under the Repairs Construction Contract:

(i) A written Holdback Request Form from the Borrower for the final installment; such written Holdback Request Form must specify the amount of the final installment, the details of the work performed up through and including the date of the written Holdback Request Form, and confirmation that the Repairs are fully complete. If the written Holdback Request Form asks for reimbursement of the cost of supplies and materials purchased for the Repairs, the written Holdback Request Form must include copies of invoices for such costs.

(ii) Written confirmation from Borrower indicating that Borrower is satisfied with all work performed up through and including the date of the written Holdback Request Form and approves payment of the final installment.

(iii) Written confirmation from Aura's Inspector indicating that Aura's Inspector has inspected all work performed up through and including the date of the written Holdback Request Form, is satisfied that all such work complies with local codes and is

consistent with the Scope of Work set forth in the Repairs Construction Contract, and approves payment of the final installment.

(iv) Receipt from the Contractor of a signed “Unconditional Waiver and Release Upon Final Payment” in the attached form.

(v) Receipt of written evidence that all work performed under the Required Permits has been signed off on and approved by the appropriate municipal electrical, plumbing, mechanical and/or building inspectors and that all work has been completed in accordance with local and state building codes and the Required Permits.

(e) Inspection Payments. After Aura’s receipt from the Inspector of each inspection of the Repairs, Aura will release and disburse from the Escrowed Repair Funds \$120.00 to pay for each inspection.

(f) Cost Overruns. In no event will Aura ever disburse to Borrower and/or the Contractor more than the amount of the Escrowed Repair Funds. If as a result of cost overruns, change orders, changes to the Scope of Work, or for any other reason the sum of (i) the final Construction Costs, (ii) the Required Permits costs and (iii) the Inspection Costs exceed the amount of the Escrowed Repair Funds, such excess must be paid by Borrower out of Borrower’s own funds.

(g) General Provisions. UNDER NO CIRCUMSTANCES IS THIS HOLDBACK AGREEMENT OR ANY DISBURSEMENT BY AURA OF ANY PORTION OF THE ESCROWED REPAIR FUNDS INTENDED TO BE A REPRESENTATION OR AN ASSURANCE BY AURA REGARDING THE QUALITY OF CONSTRUCTION OF THE REPAIRS OR THAT THE CONTRACTOR HAS NOT PLACED A MECHANICS’ LIEN ON THE PROPERTY IN CONNECTION WITH THE REPAIRS. The Borrower is not obligated to request disbursement of the Escrowed Repair Funds or to use the Borrower’s own funds to pay the Contractor if the Borrower is not satisfied with the quality of design and construction of the Repairs or if the Borrower is not satisfied that the Contractor, laborer has not placed a mechanics’ or other lien on the Property. THE BORROWER ACKNOWLEDGES THAT ANY AND ALL DECISIONS TO PAY THE CONTRACTOR ARE SOLELY THE RESPONSIBILITY OF THE BORROWER.

(h) Disputes. In the event there is a dispute between Borrower and Aura over disbursing funds to the Contractor that is not resolved within thirty (30) days, such dispute will be referred by Aura to an independent third-party selected by Aura who has experience in

construction and design. The decision of such independent third-party is binding on Borrower and Aura.

4. COMPLETION DELAYS. If the Repairs are not completed within three months after the Repairs Construction Contract is signed, Aura is authorized, without further instructions, to enter upon the Property and do any and all such work as may be required to complete the Repairs and to pay the same from the Escrowed Repairs Fund.

5. EXCESS ESCROWED FUNDS. If there are any Excess Escrowed Funds remaining after the Construction Costs, the Required Permit costs, and the Inspection Costs have been paid in full, such Excess Escrowed Funds shall be applied, in Aura's sole discretion, to (a) make a partial prepayment of principal under the Mortgage Loan and/or (b) make a contribution to Borrower's Capital Reserve Account. In no event shall Excess Escrowed Funds ever be paid or released directly to Borrower.

6. AMENDMENTS. This Holdback Agreement may only be amended or modified by a written agreement signed by both Borrower and Aura.

7. LIMITATION OF LIABILITY. Aura shall incur no liability hereunder whatsoever except in the case of its gross negligence or willful misconduct.

8. ENTIRE AGREEMENT. This Holdback Agreement, together with the exhibits and schedules hereto, constitute the entire agreement between Borrower and Aura, and there are no other covenants, agreements, promises, terms, provisions, conditions, undertakings, or understandings, either oral or written, between them concerning the Repairs other than those herein set forth. No subsequent agreement shall be binding upon Borrower and Aura unless it is in writing and signed by both Borrower and Aura.

9. HEADINGS. The headings, captions, numbering system, etc., are inserted only as a matter of convenience and may not be considered in interpreting the provisions of this Holdback Agreement.

10. BINDING EFFECT. All of the provisions of this Holdback Agreement are hereby made binding upon the personal representatives, heirs, successors, and assigns of all parties hereto.

11. SEVERABILITY OF PROVISIONS. Whenever possible, each provision of this Holdback Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provisions of this Holdback Agreement shall be invalid or prohibited thereunder, such provision shall be ineffective only to the extent of such prohibition or invalidation, and shall not

invalidate the remainder of such provision or the remaining provisions of this Holdback Agreement.

12. GOVERNING LAW. This Holdback Agreement shall be construed under and in accordance with the laws of The Commonwealth of Massachusetts and shall be deemed to be executed as an sealed instrument.

Borrower:

Date Signed:

Borrower:

Date Signed:

AURA MORTGAGE ADVISORS, LLC

By _____

Name:

Title:

Date Signed: