



WHEDA® Reserve Disbursement Policy

Effective immediately, a reserve disbursement policy for WHEDA-financed developments is being implemented. The policy is as follows:

A. General

WHEDA will disburse funds from project reserve accounts based on authority granted via an executed management agreement and/or a Certificate of Authorized Signatories form previously signed by agents and/or owners.

Unless specified otherwise, disbursements will be made out of the project reserve accounts in the following order:

1. Residual Receipts Escrow
2. Replacement Reserves or Capital Needs Escrow
3. Development Cost Escrow

B. Pre-approval of Expenditures

Requests for pre-approval to enter into contracts or purchase goods or services, except for those noted in section **C**, must be submitted in writing, with specifications attached, if applicable (See section **E** below). WHEDA reserves the right to require and review bids prior to entering into a contract or purchasing goods or services with project funds.

C. Expenditures Not Needing Pre-approval

An expenditure from project reserve funds will not require pre-approval by WHEDA if:

1. Management has made its best efforts to obtain the goods or services at prices that are reasonable and competitive; and
2. The development has **total reserve balances of at least \$1,500 per unit** after deducting the amount of the disbursement; and
3. Requests within one month **do not exceed \$5,000**. Any requests over \$5,000 within a calendar month will continue to need WHEDA's pre-approval; and

The following **exceptions** apply:

1. If the property is a section 8 development that has extended its low-income use through WHEDA's Preservation Program, the expenditure must be identified in the Capital Needs Assessment (CNA). If the expenditure has not been identified in the CNA, approval must be obtained from WHEDA prior to requesting funds from the reserve accounts.
2. If the expenditure requires a WHEDA specification, pre-approval must be obtained from WHEDA. (See section **E** below.)
3. If the expenditure is for carpeting or flooring, the expenditure must meet HUD/FHA standards and requirements.

Total reserves are limited to: replacement reserves, residual receipts, capital needs escrow, and development cost escrow.

D. Disbursement of Funds

Disbursement requests must be submitted electronically using eWHEDA Form 500 - Reserve Request Form. Requests must be pre-approved by WHEDA, unless they meet the criteria in section **C**.

After disbursement of funds from the WHEDA-held reserve account into the project operations account or to the vendor or service provider, the agent is responsible for obtaining all applicable lien waivers. *WHEDA reserves the right to request that lien waivers be submitted to WHEDA, or review the lien waivers during the management/financial review of the property.*

E. WHEDA Specifications and Bids

WHEDA specifications are required for the following improvements:

1. Roofing
2. Concrete
3. Asphalt

For these improvements, at least three bids are preferred. Contact your Asset Manager (AM) if you are unable to obtain three bids.

Current specification forms can be obtained by contacting your WHEDA Asset Manager or an Administrative Assistant. The specifications are also available at www.wheda.com. WHEDA's architect or the Asset Manager will review the bids and specifications.