



WHEDA CONSTRUCTION DRAW PROCESS

WHEDA processes all draw requests through the title company providing title insurance for the project. The title company will notify WHEDA when all lien waivers are received. After receiving and reviewing all necessary documentation, WHEDA will wire transfer the funds to the title company with appropriate disbursement instructions. The title company then disburses funds once an endorsement is issued to the title commitment. The endorsement insures against claims from construction liens through the date of the draw request. Accordingly, you should contact the title company and discuss what documentation they will need to disburse funds.

REQUIRED DOCUMENTATION

Projects must use the Developer Excel Spreadsheet for Construction Draw which is prepared and emailed to the Developer by WHEDA staff after closing.

Cover Letter

A cover letter should accompany each draw request indicating the project name, the **WHEDA project number**, a brief explanation of any unusual features in the draw, and the name and telephone number of the person to be contacted for any draw related questions. This form is part of the Developer Excel Spreadsheet for Construction Draw and is partially filled out for you.

WHEDA Loan Disbursement Request Form

The Disbursement Request Form itemizes the specific payments to be made with the current draw proceeds. For each item the following information must be included:

- The budgeted line item per Development Budget attached to the Loan Agreement;
- The Payee's name exactly as it should appear on a check payment; and,
- The amount to be paid to each payee.

WHEDA Draw Request - Form 4

WHEDA Draw Request – Form 4 pertains to project hard costs and has two parts. The top portion specifies the amount of hard costs requested in the current draw, which is certified by the project owner or general partner. The lower portion of the draw provides for the total sum of contract construction costs paid to date, which is certified by the general contractor. The Draw Request form must be submitted with every construction draw request. This form is filled out for you when using the Developer Excel Spreadsheet for Construction Draw.

Verification of Requested Costs

Costs should be segregated into hard and soft cost items and verification of those costs should be organized in the order they are being requested in the Developer Excel Spreadsheet for Construction Draw.

Hard Costs and any change orders must be supported by a completed Application and Certificate for Payment AIA Document G702 and G703 form certified by the project's supervising architect. The Developer Excel Spreadsheet for Construction Draw has one to use but a replicated computer-generated form is acceptable. Additionally, for any materials stored offsite, satisfactory evidence of bonded insurance covering such materials must also be provided.

Schedule of Values (hard costs) based upon CSI Format; 16 Divisions of Work:

| | | | |
|------------|----------------------|-------------|----------------------|
| Division 1 | General Requirements | Division 9 | Finishes |
| Division 2 | Site Work | Division 10 | Specialties |
| Division 3 | Concrete | Division 11 | Equipment |
| Division 4 | Masonry | Division 12 | Furnishings |
| Division 5 | Metals | Division 13 | Special Construction |
| Division 6 | Wood & Plastics | Division 14 | Conveying Systems |
| Division 7 | Thermal & Moisture | Division 15 | Mechanical |
| Division 8 | Doors & Windows | Division 16 | Electrical |

Soft Costs must be supported by invoices for items to be paid directly, or by paid invoices and copies of checks for reimbursement to a third party. If multiple soft cost invoices fall within the same budget line, please include a Summary of Expenses breakdown.

Budget Summary

This form tracks the total costs incurred during the construction process draw by draw. Costs must be broken down according to the line items identified in the approved Loan Approval Paper Project Development Budget. This form will help ensure that your records match WHEDA's records and is compiled for you on each draw when using the Developer Excel Spreadsheet for Construction Draw.

FOUNDATION SURVEY REQUIRED

For all new construction projects, a foundation survey must be received and reviewed by WHEDA prior to the release of funds related to the first draw after the closing draw.

RETAINAGE

WHEDA will retain a set percentage of projects hard costs until the project is substantially complete, usually 5%. Funds withheld for retainage are not actually disbursed, and no interest is charged against retainage funds. WHEDA does not segregate retainage for individual sub-contractors. It is the project general contractor's responsibility to monitor the amount of retainage due to the sub-contractors.

DRAW SUBMISSION

A completed Developer Excel Spreadsheet for Construction Draw and required documentation must be emailed to construction@wheda.com for each draw submittal. Copies of soft cost invoices to be paid directly, or paid invoices and copies of checks for reimbursement to a third party and all signed forms should be submitted with the draw submission. Along with the submission to WHEDA, please ensure the title company and third-party inspector are in receipt of the draw.

TIME FRAMES

WHEDA processes draws on a monthly basis. Upon receipt of fully completed draw request, **including review of the monthly progress reports** submitted by the third party inspector engaged by tax credit investor and/or WHEDA, wire transfer of funds to the designated title company should occur within **5 business days from the receipt of a complete request**. Initial and final draws may take longer. Subsequent to loan closing, WHEDA recommends coordinating the inspection timing with investor member (or WHEDA if the investor member is not requiring the inspection) to coordinate timing of funding as needed.

PROJECT CLOSE OUT

The Final Draw Request will include payment of the retainage funds once the project has been determined to be substantially complete. Prior to releasing retainage funds, the following documents, as required in the WHEDA Loan Agreement, must be received at WHEDA:

- Final AIA Document G702 and G703 Application annotated as FINAL and reflecting the retainage amount
- A Certificate of Substantial Completion; (AIA Document G704 listing any outstanding Items of Delayed Completion;
- Certificate of Occupancy
- Supervisory Architect Opinion Letter
- An as-built Survey
- Building, HVAC, Lighting Compliance Statements (SBD-9720)
 - Can be digital proof of compliance from eLSA portal or comparable municipality compliance forms
- Automatic Clearing House (ACH) Transfer form

Any major Items of Delayed Completion (IDC's), and/or deficiencies in the work will be assigned a value, which will be increased by 50%, reducing the amount of the final draw. Funds for IDC's will be placed in the projects DCE (Development Cost Escrow) at WHEDA until all items have been satisfactorily completed.

CONSTRUCTION INTEREST

Construction interest will be calculated monthly by WHEDA based on a 360-day calendar with twelve 30 day months. WHEDA will bill and process a separate draw payable on the 10th of each month or if preferred, ACH the amount out of an operating account.