



## Wisconsin Housing and Economic Development Authority Reserve Disbursement Policy

### A. General

Unless specified otherwise, disbursements will be made from the Project's reserve accounts in the following order:

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

All requests and supporting documentation must be received by WHEDA no later than 12:00 p.m. on Friday to be processed the following week. Disbursement requests must be submitted electronically using eWHEDA Form 500.

Form 500 Instructions: <https://www.wheda.com/developers-and-property-managers/forms-manuals-and-resources/asset-management-forms>

### B. Pre-approval of Expenditures

1. Requests for pre-approval to enter contracts or purchase goods or services are required for any expenditure requests over \$5,000. Copies of invoices must be provided for all expenditures over \$5,000. In addition, multiple requests submitted for the same property totaling more than \$5,000 in aggregate over a rolling 30 days will also require supporting documentation. WHEDA reserves the right to request invoices for any reimbursement request made either at time of disbursement or during the management/financial review of the property.
2. Requests for pre-approval are required for the following improvements, regardless of amount:
  - a) Roofing
  - b) Concrete
  - c) Asphalt

For these improvements, at least three bids are preferred.

Contact your Portfolio Risk Officer if you are unable to obtain three bids.

### **C. Approval of Expenditures**

Approval of expenditures will be based on a variety of factors including, but not limited to:

- receiving required pre-approval (see **B** above)
- inclusion in previously submitted capital budget
- maintaining benchmark reserve of \$1,500/unit
- debt coverage ratio
- surplus cash
- age of property
- maturity of loan
- providing sufficient documentation including but not limited to copies of invoices and bids if required (see **B** above)

WHEDA shall not be obligated to make disbursements from the Replacement Reserve to reimburse Borrower for the costs of routine maintenance to the Project.

Submission of expenses to be reimbursed should be remitted throughout the year. End of the year disbursements are cut off at least two weeks prior to December 31st in order allow ample to time process requests. If a full year's of invoices are received after December 1st, WHEDA will not guarantee the processing of the request.

### **D. Disbursement of Funds**

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.