



Submitting Payment Requisitions to NHHFA

March 23, 2018

Presented by Julia Morgan

Agenda

- ▶ Overview of Requisition Process
- ▶ Roles and Responsibilities
- ▶ Types of Requisitions
- ▶ Vendor Set Up & Payment Methods
- ▶ Requisition Components
- ▶ Initial Draw Process
- ▶ Subsequent Draw Process
- ▶ Resource Links
- ▶ Questions



Overview of Requisition Process

- ▶ The Authority has updated its payment systems
- ▶ A new requisition process has been implemented
 - ▶ Streamlined
 - ▶ Central processing
 - ▶ More audit friendly
 - ▶ Uniformity
- ▶ There are resources to help with your requisitions!!
 - ▶ Website
 - ▶ Staff



Roles and Responsibilities

- ▶ Construction Manager/General Contractor
 - ▶ Timely submittal of requisition documents for payment
- ▶ Construction Inspector
 - ▶ Completion of requisition checklist and site visit
- ▶ Sponsor
 - ▶ Preparation and submittal of requisition documents
- ▶ Authority
 - ▶ Payment Processor
 - ▶ Reviews and enters payment into HDS system
 - ▶ Requisition Reviewer
 - ▶ Compares system to requisition documents and approves to payment batch
 - ▶ Authorizer
 - ▶ Allows payment batch to be sent to Finance for payment



Types of Requisitions

- ▶ Initial Draw
 - ▶ Construction loan, permanent loan, refinancing loan closings
 - ▶ Modified process, less “procedure”
 - ▶ Submit docs and work directly to the Program Manager
- ▶ Subsequent draw
 - ▶ Construction draws
 - ▶ Sponsor responsible for requisition submittal to common mail box
 - ▶ Works with the Payment Processor
 - ▶ Very little Program Manager involvement



Vendor Set Up & Payment Methods - W9

- ▶ Initial Draws - payments made to invoice payee, or Sponsor (for reimbursables only)
- ▶ Subsequent Draws - requisitions are paid to the project owner
 - ▶ Project owner pays all invoices directly
 - ▶ No need to provide proof of payment
- ▶ A new W9 is required for each payee regardless of payment timing



Vendor Set Up & Payment Methods - Payment Types

- ▶ For Subsequent Draws:
 - ▶ EFT and checks
 - ▶ EFT is the quickest - generally one week turn around
 - ▶ Checks can take upward of two weeks depending on submittal timing
- ▶ For Initial Draws:
 - ▶ In addition to checks and EFT, wires can be used for payments
 - ▶ Wires cannot be used to expedite subsequent draw payments
- ▶ Key takeaway: **PLAN AHEAD!!**



Vendor Set Up & Payment Methods - Timing

- ▶ Initial draw timing
 - ▶ All payment documents to Authority 5 business days prior to close
 - ▶ All non-Authority sources of funding to the Authority 3 business days prior to close
 - ▶ Late/missing documents or funding sources may push out the closing
- ▶ Subsequent draw timing
 - ▶ Payments submitted by COB Wednesday will generally be paid
 - ▶ The following Wednesday by EFT (~7 day turnaround)
 - ▶ The second Friday by check (~9 days turnaround)
 - ▶ Missing/incorrect payment documents will affect payment timing!



Requisition Components

- ▶ Budget Template
 - ▶ Cover Sheet
 - ▶ Budget Draw Template
 - ▶ Schedule A - List of Invoices
 - ▶ Settlement Statement
- ▶ Owner's Affidavit
- ▶ Invoices
- ▶ Construction requisition packet



Budget Template - Cover Sheet

- ▶ The cover sheet describes the project, Sponsor and requisition number
- ▶ The requisition number must be updated for each submittal
- ▶ Numbering sequence:
 - ▶ Initial requisition: 0
 - ▶ Subsequent requisition: 1 onward (should match the AIA702 requisition number)



ABC Gardens

Requisition for Funding

Subsequent Draw #13

Date Submitted: 2/22/18

Submitted to:
NHHFA

By:
ABC Gardens LLC



Budget Template - Budget Draw Template

- ▶ The Budget Draw Template is completed for every requisition
- ▶ Sources and uses are completed by the Program Manager at closing
- ▶ If required, the Sponsor can update the budget during construction using “current changes”
- ▶ The Sponsor updates “amount this draw” to match the requisition total



Limit input to YELLOW CELLS

BUDGET DRAW TEMPLATE

Clear ALL Prior Entries for New Draw

BORROWER: ABC Gardens, LLC

REPORT DATE: 2/22/2018

PROJECT DESCRIPTION: Budget Draw Template(13)

HIDE Blank Line Item Rows (normal status)

Uses

UNHIDE Blank Line Item Rows (to add new line item)

Description	Original Budget	Total Prior Adjustments	Current Changes	Revised Budget	Total Previous Drawn	Amount This Draw	Total Drawn Including This Draw	Undisbursed After This Draw	% Funded	Deferred (Unavailable)
LAND										
Land	297,154.00	0.00		297,154.00	297,154.00		297,154.00	0.00	100%	
Existing Building	3,747,661.00	0.00		3,747,661.00	3,747,661.00		3,747,661.00	0.00	100%	
Mark Twain	715,154.00	0.00		715,154.00	715,154.00		715,154.00	0.00	100%	
TOTAL LAND	4,759,969.00	0.00	0.00	4,759,969.00	4,759,969.00	0.00	4,759,969.00	0.00	100%	
HARD COSTS										
Construction Budget	4,406,604.00	463,059.13	31,012.47	4,900,675.60	4,533,682.65	264,682.35	4,798,365.00	102,310.60	98%	
Contingency	440,660.00	(410,428.00)	(6,123.79)	24,108.21	24,108.21		24,108.21	0.00	100%	
Sub Total Contracts	4,847,264.00	52,631.13	24,888.68	4,924,783.81	4,557,790.86	264,682.35	4,822,473.21	102,310.60	98%	
TOTAL HARD COSTS	4,847,264.00	52,631.13	24,888.68	4,924,783.81	4,557,790.86	264,682.35	4,822,473.21	102,310.60	98%	
SOFT COSTS										
Architect Fee-Design	380,500.00	4,390.00	13,831.61	398,721.61	379,089.72	19,631.89	398,721.61	0.00	100%	
Engineering Fees	10,000.00	9,582.50	9,122.25	28,704.75	12,802.25	8,402.5	21,204.75	7,500.00	74%	
Const. Loan Origination Fee	124,250.00	(4,000.00)		120,250.00	120,250.00		120,250.00	0.00	100%	
Const. Interest	160,000.00	(50,000.00)	7,115.69	117,115.69	58,824.22	26,192.10	85,016.32	32,099.37	73%	
Const. Insurance	31,000.00	0.00	(22,064.20)	8,935.80	8,935.80		8,935.80	0.00	100%	
Lender's Counsel	20,000.00	11,116.50		31,116.50	31,116.50		31,116.50	0.00	100%	
Clerk of the Works	50,000.00	0.00	(10,645.76)	39,354.24	39,354.24		39,354.24	0.00	100%	
Permits	30,000.00	(27,150.00)		2,850.00	2,850.00		2,850.00	0.00	100%	
Perm. Loan Origination Fee	103,000.00	0.00		103,000.00	103,000.00		103,000.00	0.00	100%	
Tax Credit Fee	25,000.00	0.00		25,000.00	3,612.00		3,612.00	21,388.00	14%	
Title Insurance and Record	30,000.00	10,295.00		40,295.00	35,445.00		35,445.00	4,850.00	88%	
Transfer Tax	73,144.00	6,674.32		79,818.32	79,818.32		79,818.32	0.00	100%	
Soft Cost Contingency	45,000.00	(21,442.09)	(16,544.77)	7,013.14	1,000.00		1,000.00	6,013.14	14%	
Appraisal	14,000.00	0.00	(4,850.00)	9,150.00	9,150.00		9,150.00	0.00	100%	
Relocation Costs	25,000.00	0.00	(14,173.80)	10,826.20	10,826.20		10,826.20	0.00	100%	
Environmental Report	30,000.00	35,000.00	(7,419.87)	57,580.13	45,580.13	2,000.00	47,580.13	10,000.00	83%	
Site Survey	36,000.00	15,000.00	(2,934.61)	48,065.39	41,565.39		41,565.39	6,500.00	86%	
Legal Fees	240,000.00	702.64		240,702.64	210,572.62		210,572.62	30,130.02	87%	
Accounting Fees	35,000.00	0.00		35,000.00	5,192.50		5,192.50	29,807.50	15%	
NHHFA Const. Admin. Svcs. Fee	10,000.00	(5,050.00)		4,950.00	3,300.00	825.00	4,125.00	825.00	83%	
Other	11,333.00	(6,000.00)	(608.46)	4,724.54	4,724.54		4,724.54	0.00	100%	
Devel. Overhead and Profit	1,735,000.00	0.00		1,735,000.00	225,000.00	220,000.00	445,000.00	1,290,000.00	26%	
Syndication - Legal	30,000.00	(30,000.00)		0.00	0.00		0.00	0.00	0%	
FHA Assumption Fees	21,667.00	(1,667.00)		20,000.00	20,000.00		20,000.00	0.00	100%	
Sub Total Misc	3,269,894.00	(52,548.13)	(49,171.92)	3,168,173.95	1,452,009.43	277,051.49	1,729,060.92	1,439,113.03	55%	
Sub Total Int Res	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0%	
Operating Reserve	438,000.00	0.00		438,000.00	0.00	438,000.00	438,000.00	0.00	100%	
Replacement Reserve	180,000.00	0.00		180,000.00	0.00	180,000.00	180,000.00	0.00	100%	
Rent - Up Reserve	132,421.00	0.00		132,421.00	132,421.00		132,421.00	0.00	100%	
Insurance Escrow	57,642.00	0.00		57,642.00	57,642.00		57,642.00	0.00	100%	
Real Estate Tax Escrow	25,146.00	0.00		25,146.00	25,146.00		25,146.00	0.00	100%	
Tax Credit Monitor Fee	72,000.00	0.00		72,000.00	0.00		0.00	72,000.00	0%	
LOC Escrow Release	5,500.00	0.00		5,500.00	5,500.00	350,000.00	355,500.00	(350,000.00)	6464%	
Sub Total Op Def	910,709.00	0.00	0.00	910,709.00	220,709.00	968,000.00	1,188,709.00	(278,000.00)	131%	
TOTAL SOFT COSTS	4,180,603.00	(52,548.13)	(49,171.92)	4,078,882.95	1,672,718.43	1,245,051.49	2,917,769.92	1,161,113.03	72%	
TOTAL PROJECT USES	13,787,836.00	83.00	(24,283.24)	13,763,635.76	10,990,478.29	1,509,733.84	12,500,212.13	1,263,423.63	91%	



Sources

Description	Original Budget	Total Prior Adjustments	Current Changes	Revised Budget	Total Previous Drawn	Amount This Draw	Total Drawn Including This Draw	Undisbursed After This Draw	% Funded	Deferred/Unavail?
Developer Cash Equity	485,374.00	0.00	(137,876.32)	347,897.68	347,897.68		347,897.68	0.00	100%	
IRP Loan	349,764.00	83.00		349,847.00	349,847.00		349,847.00	0.00	100%	
Seller Note	3,371,531.00	0.00		3,371,531.00	3,371,531.00		3,371,531.00	0.00	100%	
Permanent Loan	5,150,000.00	0.00		5,150,000.00	5,150,000.00		5,150,000.00	0.00	100%	
Perm Loan in NHHFA Escrow	0.00	0.00		0.00	(5,150,000.00)	5,150,000.00	0.00	0.00	0%	
FFB Loan	7,100,000.00	0.00		7,100,000.00	6,587,871.31	26,192.10	6,594,063.41	505,936.59	93%	
FFB Loan Repayment	(7,100,000.00)	0.00		(7,100,000.00)	0.00	(6,594,063.41)	(6,594,063.41)	(505,936.59)	93%	
Developer Bridge Sources		0.00		0.00	350,000.00	(350,000.00)	0.00	0.00	0%	
Interest		0.00	3,237.39	3,237.39	3,237.39		3,237.39	0.00	100%	
Completion Escrow		0.00		0.00	0.00	(102,310.50)	(102,310.50)	102,310.50	#DIV/0!	
		0.00		0.00	0.00		0.00	0.00	0%	
		0.00		0.00	0.00		0.00	0.00	0%	
		0.00		0.00	0.00		0.00	0.00	0%	
		0.00		0.00	0.00		0.00	0.00	0%	
		0.00		0.00	0.00		0.00	0.00	0%	
SUB-TOTAL LOAN PROCEEDS	9,356,669.00	83.00	(134,438.93)	9,222,313.07	10,990,184.38	(1,870,181.81)	9,120,002.57	102,310.50	99%	
LIHTC Tax Credit Equity	3,416,167.00	0.00	113,345.00	3,529,512.00	1,630,000.00	1,624,512.00	3,254,512.00	275,000.00	92%	
Deferred Developer Fee	1,015,000.00	0.00	(3,189.31)	1,011,810.69	0.00	0.00	0.00	1,011,810.69	0%	
LIHTC Tax Credit Equity in NHHFA escrow	0.00	0.00		0.00	(1,629,706.09)	1,755,403.65	125,697.56	(125,697.56)	#DIV/0!	
SUB-TOTAL EQUITY/OTHER	4,431,167.00	0.00	110,155.69	4,541,322.69	293.91	3,379,915.65	3,380,209.56	1,161,113.13	74%	
TOTAL PROJECT SOURCES	13,787,836.00	83.00	(24,283.24)	13,763,635.76	10,990,478.29	1,509,733.84	12,500,212.13	1,263,423.63	91%	-

USE/SOURCE VERIFICATIONS:

OK

OK

OK

OK

OK

OK

OK

OK

OK



Budget Draw Template - Schedule A List of Invoices

- ▶ The Schedule A - List of Invoices captures the invoices to be paid and the source of each payment
- ▶ Totals must match the Budget Template tab



ABC Gardens									
SCHEDULE A to the Owner's Affidavit									
Requisition Number	13								
Date of Requisition	February 22, 2018								
List of Invoices & Disbursement Schedule by Payee									
All funds to be disbursed directly to Sponsor for payment to Invoice Payees (except for closings)									Source of Funds
Budget Category/Name	Name of Payee	Invoice Payee	Invoice Number	Invoice Date	Invoice Amount	Amount Paid	Category Total	Other Equity	
Construction- Base	Gary Chicoine Construction Co.	Gary Chicoine Construction Co.	14	1/24/2018	230,803.58	230,803.58		230,803.58	
Construction- Owner SOIL	CAB Services	CAB Services	6519-A	11/1/2017	2,629.45	2,629.45		2,629.45	
Construction- Owner SOIL	CAB Services	CAB Services	6519-B	7/16/2017	21,280.70	21,280.70		21,280.70	
Construction- Owner	Sahwn's Painting	Sahwn's Painting	1551	12/27/2017	1,352.00	1,352.00		1,352.00	
Construction- Owner	Sahwn's Painting	Sahwn's Painting	1550	12/27/2017	1,182.00	1,182.00		1,182.00	
Construction- Owner	Color Works	Color Works	CG702004	12/21/2017	2,823.28	2,823.28		2,823.28	
Construction- Owner	Color Works	Color Works	CG702014	12/27/2017	4,611.34	4,611.34		4,611.34	
Total							264,682.35		
Architecture & Engineering									
Architecture and Engineering	The Architectural Team	The Architectural Team	16715	6/8/2015	260.18	260.18		260.18	
Architecture and Engineering	The Architectural Team	The Architectural Team	16809	7/16/2015	369.48	369.48		369.48	
Architecture and Engineering	The Architectural Team	The Architectural Team	16977	9/11/2015	161.30	161.30		161.30	
Architecture and Engineering	The Architectural Team	The Architectural Team	17108	11/17/2015	489.16	489.16		489.16	
Architecture and Engineering	The Architectural Team	The Architectural Team	17172	12/17/2015	657.43	657.43		657.43	
Architecture and Engineering	The Architectural Team	The Architectural Team	18258	4/5/2017	2,285.64	2,285.64		2,285.64	
Architecture and Engineering	The Architectural Team	The Architectural Team	18328	5/5/2017	3,774.43	3,774.43		3,774.43	
Architecture and Engineering	The Architectural Team	The Architectural Team	18728	11/20/2017	644.96	644.96		644.96	
Architecture and Engineering	The Architectural Team	The Architectural Team	18967	12/31/2017	10,989.41	10,989.41		10,989.41	
Architecture and Engineering	HEB Engineers	HEB Engineers	26149	12/31/2017	72.50	72.50		72.50	
Architecture and Engineering	Gaslight	Gaslight	21	1/23/2018	5,065.00	5,065.00		5,065.00	
Architecture and Engineering	MECA	MECA	13	1/30/2018	880.00	880.00		880.00	
Architecture and Engineering	MECA	MECA	11	12/29/2017	2,385.00	2,385.00		2,385.00	
Total							28,034.39		
Construction Interest									
Const. Interest	NHHFA	NHHFA		1/1/2018	12,003.70	12,003.70		12,003.70	
Const. Interest	NHHFA	NHHFA		2/1/2018	14,188.40	14,188.40		14,188.40	
Total							26,192.10		
Other Soft Costs									
Environmental	SRW	SRW	TS18483	1/29/2018	500.00	500.00		500.00	
Environmental	SRW	SRW	TS18484	1/29/2018	500.00	500.00		500.00	
Environmental	SRW	SRW	TS18485	1/29/2018	500.00	500.00		500.00	
Environmental	SRW	SRW	TS18486	1/29/2018	500.00	500.00		500.00	
Inspecting Engineer	Northern Lights Architecture	Northern Lights Architecture	17352	12/1/2017	550.00	550.00		550.00	
Inspecting Engineer	Northern Lights Architecture	Northern Lights Architecture	18001	12/14/2017	275.00	275.00		275.00	
LOC Escrow Release	ABC Gardens, LLC	ABC Gardens, LLC	N/A	26-Feb-18	175,000.00	175,000.00		175,000.00	
LOC Escrow Release	ABC Gardens, LLC	ABC Gardens, LLC	N/A	26-Feb-18	125,000.00	125,000.00		125,000.00	
LOC Escrow Release	NHHFA	NHHFA	N/A	26-Feb-18	50,000.00	50,000.00		50,000.00	
Loan Pay Off	NHHFA	NHHFA	N/A	26-Feb-18	6,626,162.78	6,626,162.78		6,626,162.78	
Work Completion Escrow	NHHFA	NHHFA	N/A	26-Feb-18	102,310.50	102,310.50		102,310.50	
Total							7,081,298.28		
Developer Fee									
Developer Fee- Cash	XYZ Developer	XYZ Developer	N/A	26-Feb-18	220,000.00	220,000.00		220,000.00	
Total							220,000.00		
Reserves									
Operating Reserve	NHHFA	NHHFA	N/A	26-Feb-18	438,000.00	438,000.00		438,000.00	
Replacement Reserve	NHHFA	NHHFA	N/A	26-Feb-18	438,000.00	180,000.00		180,000.00	
Total							618,000.00		
TOTAL					8,496,207.12	8,238,207.12	8,238,207.12	\$8,238,207.12	
Adjust for Accounting Entry of Automatic Mortgage Interest Payment									
Const. Interest	NHHFA	NHHFA		1/1/2018		12,003.70		12,003.70	
Const. Interest	NHHFA	NHHFA		2/1/2018		14,188.40		14,188.40	
Total Interest Payments							26,192.10	26,192.10	
Total Payment						\$26,192.10		\$8,212,015.02	



Budget Template - Settlement Statement

- ▶ The settlement statement is integrated into the Budget Template
- ▶ Uses the fairly standard Authority format
- ▶ Directs the Authority, or the Authority disbursement agent
- ▶ Signed by both the Authority and the project owner



Settlement Statement

Project:	ABC Gardens		
Borrower:	ABC Gardens, LLC		
Closing Date:	February 26, 2018		
Settlement Agent:	NHHFA		
All Funding Sources			
ABC Limited Partnership	\$	1,624,512.00	
NHHFA Perm Loan	\$	5,150,000.00	
LIHTC Equity (on hand)	\$	153,543.31	
LOC Escrow	\$	1,476,162.78	
Total Funding	\$	8,404,218.09	
Uses			
NHHFA Construction Loan Payoff	\$	6,626,162.78	
Operating Reserve	\$	438,000.00	
Replacement Reserve	\$	180,000.00	
Repayment to Replacement Res	\$	50,000.00	
Construction Completion Escrow	\$	102,310.50	
Developer Fee	\$	220,000.00	
Repayment of GP Advance	\$	175,000.00	
Req 13 - Joe's Construction	\$	230,803.58	
Repayment to Operating Account	\$	125,000.00	
Req 13 - Soft Costs	\$	64,738.16	
Subtotal	\$	8,212,015.02	
Balance of Loan and Equity	\$	192,203.07	
Total Uses	\$	8,404,218.09	
Balance	\$	-	
Funding Sources at Close			
ABC Limited Partnership	\$	1,624,512.00	
NHHFA Perm Loan	\$	5,150,000.00	
LIHTC Equity (on hand)	\$	173,530.17	
LOC Escrow	\$	1,456,175.92	
Closing Funding	\$	8,404,218.09	
Payee			
		Checks/Wires	
NHHFA	\$	7,396,473.28	
XYZ Developer, Inc	\$	220,000.00	
ABC Manager, LLC	\$	175,000.00	
Req 13 - Joe's Construction	\$	230,803.58	
ABC Limited Partnership	\$	189,738.16	
Total Checks/Wires	\$	8,212,015.02	
Unspent Proceeds	\$	192,203.07	



Owner's Affidavit

- ▶ The Owner's Affidavit is located on the Authority website
- ▶ Is required for every subsequent draw
- ▶ The old Schedule A has been moved to the Budget Template spreadsheet



Construction Requisition Package

- ▶ The Construction Requisition Package is assembled by the Sponsor
- ▶ Cover page is the Requisition Inspection Certification completed by the Construction Inspector
 - ▶ Each line initialed should have backup
 - ▶ Backup should be assembled in order



Initial Draw Process

- ▶ The program manager provides the updated Budget Template to the Sponsor
- ▶ The Sponsor fills out the Schedule A - List of Invoices & provides the invoices for backup
- ▶ The Sponsor fills out the Budget Draw Template
- ▶ Program Manager fills out and gathers signatures for the Settlement statement
- ▶ All submittals flow through the Program Manager



Subsequent Draw Process

- ▶ The Sponsor will submit the following 4 documents via email:
 - ▶ Budget Template from closing
 - ▶ The Cover Sheet, Schedule A - List of Invoices, and Budget Template tabs will be updated to correlate with the subsequent draw
 - ▶ Owner's Affidavit
 - ▶ Construction Requisition Package
 - ▶ Invoice backup
- ▶ Email address: assetmanagement@nhhfa.org



Subsequent Draw (continued)

- ▶ The Payment Processor will review the requisition submittal
 - ▶ Any missing/incomplete items will be communicated to the Sponsor
 - ▶ Complete requisitions will be keyed into the payment system
- ▶ The Program manager will review the requisition
 - ▶ Any technical issues will be communicated to the Sponsor
- ▶ The Development Director will provide one more review
- ▶ The Managing Director approves the payment



Payment Holdups - Where is My Money?

- ▶ Missing/illegible/incorrect invoice backup
- ▶ Items out of order
- ▶ Extra “stuff”
- ▶ Budget Template issues - math, missing values, etc
- ▶ Using an old document version
- ▶ Late/last minute external payment sources received (for closings)
- ▶ Late/last minute invoices (for closings)



Helpful Links

- ▶ PDF Fillable W9: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>
- ▶ EFT Form: <http://www.nhhfa.org/assets/pdf/ACH-enrollmentform.pdf>
- ▶ Budget Template:
http://www.nhhfa.org/assets/csv/Master__Budget_Template.xlsm
- ▶ Construction Requisition Packet:
http://www.nhhfa.org/assets/pdf/Construction_Requisition_Packet_11-10-17.pdf
- ▶ Owner's Affidavit:
http://www.nhhfa.org/assets/pdf/OwnersAffidavit_Dev.pdf
- ▶ Requisition Procedure:
http://www.nhhfa.org/assets/pdf/HDS_RequisitionNarrative-Sponsor.pdf



Questions?

▶ NHHFA requisition contact:

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