

# UNDERSTANDING NYCEEC'S LOAN DRAW PROCEDURES

## ENSURING PROJECT SUCCESS

NYCEEC's goal is to finance successful energy-saving construction projects.

Our draw procedures help protect both NYCEEC and the borrower during the construction process. Nonetheless, it is your responsibility to make sure that your contractors and vendors are performing up to expectations and that the funds you borrowed from NYCEEC are appropriately applied.

The following key considerations can help you achieve project success:

- **SATISFACTORY WORK AND MATERIALS**  
Was the invoiced work completed? Was the work performed in a professional and satisfactory manner? Were any deviations from the plan explained and accepted by all parties?
- **PROJECT PLANNING AND EXECUTION**  
Is the project still on track and on budget? Have any changes to costs or timing been identified, explained and properly documented, and is a plan in place to cover any additional costs?
- **APPLICATION OF PAYMENT**  
Have the contractors, subcontractors and equipment vendors invoiced correctly, and are the invoices clear, detailed and understandable to you? Have you obtained signed lien waivers for the work performed and equipment delivered?

In general, NYCEEC will only disburse funds after equipment has been delivered to the project site and work has been performed. Funds paid to contractors and vendors must be commensurate with work performed.

**Promptly inform your primary transaction contact at NYCEEC or NYCEEC Engineering at [podonnell@nyceec.com](mailto:podonnell@nyceec.com) or 646-797-2674 in the event of any potential delays or increased costs.**

Your contractor may be required to enter into a direct agreement with NYCEEC to ensure all parties understand and agree on the process and documentation requirements that will apply for your loan.

Familiarize yourself with the final construction completion date stated in your loan agreement. You are responsible to ensure that the project is completed by this date.

Familiarize yourself with the interest terms that apply during construction. Some loans require current payment of interest and some loans allow interest to capitalize. When interest capitalizes, the amount that you owe increases during the construction period.

You are obligated to repay your loan regardless of project success.

## STEPS FOR REQUESTING AND OBTAINING LOAN DRAWS

In most cases, NYCEEC loans are not disbursed as a single lump-sum. Instead, they are typically disbursed through multiple draws as construction progresses according to the following process:

- 1) After equipment has been delivered to the project site and/or satisfactory work has been performed, you may request a loan draw from NYCEEC.

*You must ensure that the funds requested are commensurate with work completed according to plan, budget and specifications. You must be satisfied with the work your contractor has done to date.*

- 2) You should collect invoices, lien waivers and other required documentation from the contractors and major subcontractors and vendors in accordance with your loan agreement.
- 3) You should refer to your loan agreement to ensure that you understand all requirements that must be met before NYCEEC will approve your draw request.
- 4) You should complete and submit a Draw Request Form and supporting documentation. (See box.)
- 5) NYCEEC will review all materials that you submit. Our review is designed to ensure that we have received all necessary information, and that the project is progressing as planned.

*You and your contractor should always be prepared to certify to NYCEEC the project's expected time of completion and that the project is progressing within budget. If construction delays or cost increases occur, please be prepared to explain your plan for addressing these matters and achieving project completion.*

- 6) As needed, NYCEEC will contact you and/or your contractor to request additional information and address any questions we may have in connection with the funds requested.
- 7) NYCEEC generally approves draw requests within ten business days. Funds are typically wired the day after draw request approval.

**Legal Notices.** *The information provided above is of a summary nature and has been provided for informational purposes only. It does not create a binding or legally enforceable obligation on any person or entity. If there is any conflict or inconsistency between anything stated in this document and the terms or conditions set forth the loan agreement, the terms and conditions of the loan agreement take precedence. NYCEEC reserves the right to update and/or modify all or any part of this document from time to time without notice.*

## DOCUMENTATION REQUIREMENTS

The documents listed below are typically required each time you request a draw under your loan and must accompany the Draw Request Form submitted to NYCEEC. However, the specific required documents for your loan will be listed in your loan agreement, which you should review carefully.

### ALWAYS REQUIRED

- Draw request form. Submit this completed form to NYCEEC when requesting a draw under the loan.
- Invoices or requests for payment. Review invoices presented by contractors to ensure that the work billed for has been completed in a professional and satisfactory manner.
- Lien waivers. A lien waiver from the contractor or major subcontractor or supplier states that the work and/or materials have been paid for and that the contractor or supplier has no further claim on your property.

### AS APPLICABLE

- Updated construction schedules. You must submit this if there has been any change to the original construction schedule.
- Updated project budgets. If there is any change in project budget, NYCEEC must receive an update indicating how any incremental costs will be funded.
- Copies of any permits required.
- Evidence of receipt of incentive funds.
- Quarterly financial statements may be required for longer-term construction projects. Your loan agreement will specify whether this requirement applies.

If you have questions about any aspect of this process, please call your primary transaction contact at NYCEEC or call 646-797-4630.