



REINVESTMENT FUND

Reinvestment Fund Rules for Construction Advances

Below are Reinvestment Fund's general procedures regarding construction lending. While they apply to most construction loans, every project has unique characteristics. Should your loan request be approved, Reinvestment Fund may impose additional conditions or requirements.

1. Qualifications. We require all architects and GC's to submit standard AIA Qualification Statements (for architects, AIA form B431; for GC's, AIA form A305).
2. Plans. All plans for gut (or substantial) rehabilitation or new construction must be prepared (not merely stamped) by a state-licensed architect and be in the form of detailed architectural drawings, along with mechanical and electrical drawings as needed. Drawings must demonstrate compliance with all local building code requirements.
3. Soils Report. If your development includes constructing new foundations, you must hire a qualified soils engineer to analyze the existing soil's adequacy for construction.
4. Environmental Report. Unless Reinvestment Fund waives this requirement in writing, you must commission a Phase I environmental assessment of your project in Reinvestment Fund's favor. Any needed remediation work noted therein must be completed, and certified as such by the environmental engineer in a follow-up Phase II report, prior to closing with Reinvestment Fund.
5. Inspector. Reinvestment Fund will hire its own inspector, at your expense, to (a) review your plans, specifications and construction budgets for feasibility and comment on building code compliance prior to closing, and (b) inspect completed work when your GC presents an application for payment.
6. Building Permits. Reinvestment Fund will not release construction funds until you obtain a valid building permit.
7. Lien Waivers. For all Pennsylvania construction jobs, your GC and architect MUST file mechanics' lien waivers PRIOR to starting construction. Failure to do this may prevent Reinvestment Fund from financing your project.
8. Insurance. You must carry builder's risk insurance and comprehensive general liability coverage. Your GC and architect must carry comprehensive general liability insurance and workmen's compensation coverage (GC only).
9. Application for Payment. All applications for payment must be presented on fully-executed AIA forms G702 and G703, or on a comparable format satisfactory to Reinvestment Fund.
10. Site Inspections. Reinvestment Fund's inspector must receive a payment application before he will inspect the completed work for which your GC is requesting payment.
11. Work in Place. Reinvestment Fund will pay ONLY FOR WORK IN PLACE, or for previously-approved soft costs demonstrably incurred.
12. Work in Compliance. Reinvestment Fund will not advance funds for work that fails to comply with plans, specifications or the relevant building code, as determined by Reinvestment Fund's construction inspector.
13. Retainage. Reinvestment Fund requires retainage, no less than 10% for rehabilitation or 5% for new construction.
14. Review and Payment. Allow 5 business days for Reinvestment Fund to review and process an application for