ILLINOIS HOUSING DEVELOPMENT AUTHORITY

225 N. Michigan Avenue
Suite 800
Chicago, IL 60601

Reserve Request Instructions: Documentation Requirements

These instructions specify documentation that must be submitted with requests for withdrawals from property reserve accounts held by IHDA.

IHDA will not hold or process incomplete requests. If an owner/agent submits a reserve request without complete documentation specified here, IHDA will send an electronic notice that the request is incomplete and will deny the request. The request may be resubmitted with complete documentation as a new request.

Funds can be withdrawn from reserve accounts for direct payment to vendors or reimbursement. Requests for funds must be submitted to IHDA **within one year of the date in which the expense** was incurred.

Funds can only be released if a Reserve Request Form is signed by an authorized person, as named on the Signature Authorization Form filed with IHDA at the time of closing. Owners may make changes to the list of people authorized to sign reserve requests by re-submitting a Signature Authorization Form specific to the type of owner entity [Partnership, Corporation, etc.] for IHDA retention.

Basic Requirements

All requests for withdrawals ***other than Real Estate Tax requests*** must provide the documentation included in this section in the following order:

1. The Reserve Account Withdrawal Form is available online. Owners/Agents can simply click on the link or scan the QR code below from a computer or mobile device to request money from their reserve accounts.

Reserve Request Withdrawal Form



2. Please provide a Schedule of Expenses spreadsheet detailing all expenses to be paid, be sure to include the following:
    - Invoice #
    - Date
    - Payee
    - Amount
    - Check # (if the request is for reimbursement for a bill that has already been paid)

3. Legible Copies of all invoices listed in the expense schedule followed by corresponding proof of payment in order per the list (if for reimbursement)

4. W-9 for any vendors paid directly by IHDA from the reserve account. The federal W-9 form is available on IHDA's website. It is strongly suggested that a W-9 is submitted with each request to avoid possible delays.

In addition to these Basic Requirements, requests from specific reserves should comply with requirements specified below:

Reserve Account

1. **Real Estate Taxes**

   Owner/Agents are strongly encouraged to change the billing address on record with the County Treasurer so that property tax bills will be sent directly to IHDA.

   Bills should be sent to the following address:

   Illinois Housing Development Authority
   Attn: Asset Servicing
   225 North Michigan Avenue, Suite 800
   Chicago, IL 60601

   No withdrawal form is required for real estate tax payments. If the owner/agent is forwarding the bill to IHDA (because the billing address on file with the County has not been changed), IHDA requires the original tax bill, together with a memo from the owner/agent identifying:

Property Name
Loan #
Owner/Agent Contact Information

To ensure timely payment, property tax bills must be received by IHDA no less than 30 days prior to the due date on the tax bill.

2. Property Insurance

Requests for direct payment or reimbursement of insurance must be received by IHDA no less than **thirty (30) days prior to the date of expiration**.

Insurance requests must include all documentation listed under Basic Requirements. Insurance certificates only can be forwarded to the Insurance@IHDA.org

3. Replacement Reserve

Eligible Items will be determined based on the following definition of building components:

Building components generally tend to fall into two categories:

1. *Those items that are usually considered to be capital items and eligible for reimbursement from the Reserve Fund for Replacements to the extent of the availability of money in that account; and,*
2. *Those items that are usually considered to be routine maintenance items. As a guideline, repair/replacement expenditures that are generally capitalized may often be eligible for payment from a project's Reserve Fund, while those expenditures that are expensed are only occasionally eligible for payment from the Reserve Fund.*

A list of examples of eligible and ineligible items is included as an Attachment at the end of this document.

A Minimum Balance of **$1,500/unit** should be maintained in Replacement Reserves at all times. However, if a property's Replacement Reserve falls below the minimum guideline, IHDA will consider reserve requests with the following documentation:

1. A written statement describing why the repair is necessary. Only items deemed emergencies will be considered.
2. Up-to-date financials showing items cannot be paid through property cash flow. Financials will include a current balance sheet, income statement, cash flow statement, and outstanding payables report.

IHDA Bid Review & Capital Inspection will be required for any reserve requests of more than **$25,000** in contracted capital expenditures.

1. Such requests must provide 3 bids for IHDA's review.

If three bids cannot be obtained, the request must include a written explanation why 3 bids are not obtainable. IHDA will consider owner/agent vendor preferences if the agent submits justification in writing with its request.

2. Bid review must occur prior to the start of work, or execution of vendor contract. Work must not begin prior to IHDA's approval.
3. Requests must include an approximate timeline for work completion.
4. Owner/Agents may request funds to make project down payments
5. Final payout will not be sent until a capital inspection is completed by a member of IHDA's Field Inspection team

All Replacement Reserve requests must also include all documentation listed under Basic Requirements.

4. General Operating or Operating Deficit Reserve

Owner/Agents may request reimbursement or direct payment of vendors from Operating Reserves for any expense incurred that is necessary to the daily functioning of the property.

Requests should include up-to-date financial statements, demonstrating that the property is operating at a deficit, or that outstanding payables cannot be covered from cash flows.

Financial documentation should include:

1. current balance sheet
2. income statement
3. cash flow statement
4. outstanding payables report
5. current vendor invoices that cannot be covered out of either the replacement reserve or property cash flow

Owner/agents must include a written narrative that explains the causes of the property's operating deficit, and that outlines a realistic plan to resolve these causes and/or to cover operating expenses moving forward.

All Operating Reserve requests must also include all documents identified as Basic Requirements above.

5. Special Reserves

Qualified uses and requirements for Special Reserves are identified in project loan documents. Requests to access special reserves must include any documentation specified in the project loan document, as well as up-to-date financial statements (including balance sheet, income statement and cash flow statement), and other documents identified as Basic Requirements above.

Attachment: Replacement Reserve -- Eligible and Ineligible Items

A. Items traditionally contemplated as eligible for draws from this Fund include capital items can include, but not limited to:

1. Replacement of refrigerators, ranges, and other major appliances in the dwelling units.
2. Extensive replacement of kitchen and bathroom sinks and counter tops bathroom tubs, water closets, and doors (exterior and interior).
3. Major roof repairs, including major replacements of gutters, downspouts, and related eaves or soffits.
   NOTE: When replacing an entire roofing system, IHDA encourages owners to seek energy efficient roofs and bonded roofs.
4. Major plumbing and sanitary system repairs.
5. Replacement or major overhaul of central air conditioning and heating systems, including cooling towers, water chilling units, furnaces, stokers, boilers, and fuel storage tanks.
6. Overhaul of elevator systems.
7. Major repaving/resurfacing/seal coating (sidewalks, parking lots, and driveways).
8. Repainting of the entire building exterior.
9. Extensive replacement of siding.
10. Extensive replacement of exterior (lawn) sprinkler systems.
11. Replacement of or major repairs to a swimming pool.
12. For certain projects, requests for capital improvements or enhancements to the property could be considered. For examples, a personal computer and some associated software could be purchased, or perhaps individual air conditioning units could be added to a project that was not air conditioned when it was built, or perhaps gutters and downspouts could be added where necessary. Some improvements may be eligible if in IHDA's opinion such items:
    a. Would result in enhancing the mortgage security.
    b. Would upgrade the property and place the property in a more favorable competitive position in the rental market.
    c. Would be necessary to comply with changes in local, state, or federal laws.
    d. Would not inordinately deplete the Reserve Fund, i.e., the improvement must be affordable.

B. Items traditionally contemplated as ineligible for draws from this Fund include maintenance items can include but not limited to:

1. Repainting of interior areas of projects. Note: A separate interior painting reserve for this kind of work may be established by mutual agreement and consent of the concerned parties.
2. Replacement of range burners, bibs, oven elements, controls, valves, wiring, etc.
3. Replacement of dwelling unit air conditioning components such as fan motors and window unit compressors.
4. Minor repairs to central air conditioning and heating systems such as valve replacements and the cleaning of boiler interiors.
5. Minor roof repairs, including minor repairs to gutters and downspouts.

6. Minor paving repairs.
7. Caulking and sealing.
8. Window and screen repairs.
9. Purchase of maintenance tools and equipment such as lawn mowers or snow blowers.
10. Purchase of minor office equipment.
11. Inspection/recharging/replacement of fire extinguishers.

Other items generally considered to