

# UNDERSTANDING NYCEEC'S LOAN DRAW PROCEDURE

A GUIDE FOR NYCEEC BORROWERS

## ENSURING PROJECT SUCCESS

NYCEEC's goal is to finance successful projects that advance us towards the clean energy transition. Our draw procedures help protect both NYCEEC and the Borrower during the construction/installation 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 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 email [reporting@nyceec.com](mailto:reporting@nyceec.com) 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 to 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. Make sure you understand the terms of interest payments due during the construction period.

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

*Terms and Conditions may apply. This document is not binding.*

# 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.

2) You should collect invoices, lien waivers, and other required documentation from the contractors, major subcontractors, and vendors in accordance with your loan agreement.

*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.*

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 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 contract 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 once all required information is received. Funds are typically wired the day after draw request approval.

## 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 the 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 subcontractors or suppliers 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.

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