**Loan Funds Escrow Procedure**

The bank requires the loan funds to be held in a CRS escrow account and released upon project progress and/or completion. For progress payments, CRS will hold a 10% retainer on labor.

1) **Homeowner and/or Contractor provide to CRS:**
   a. Final project bid from Contractor.
      i. *Including allowances if needed*
   b. Final and comprehensive plans if project requires plans.
      i. *It is recommended that the Contractor get any needed building permits from the Building Department as early as possible to ensure that work being done is in compliance with City Code.*

2) **Escrow/construction contracts will be written by CRS, which will also include:**
   a. Attached plans and bids from contractor.
   b. CRS construction specifications for exterior work included in the project scope.

3) **Escrow/construction contracts are to be signed in the following order:**
   a. Contracts are reviewed and signed by homeowner.
   b. Homeowner provides contracts to Contractor to be reviewed and signed.
   c. Contractor contacts CRS to arrange drop off/pick up of documents.
   d. Documents should not be mailed between parties at this point. CRS can assist with the passing of the documents if needed.

4) **Loan funds are deposited into the escrow account.**
   a. CRS holds the loan funds in escrow and will be the escrow agent.

5) **CRS will sign the escrow contracts, including the Proceed Order, activating them and allowing work to begin.**
   a. Copies of documents will be mailed to each party for file.

6) **Work can begin.**
   a. *It is required that all needed Building Permits are obtained by Contractor before work begins to ensure compliance.*
   b. *Copies of permits must be provided to CRS.*

7) **In order to pay the Contractor, all appropriate and required building permits and inspections must have been done, with documentation to prove compliance. Homeowner must approve invoicing via email, indicating the work that the Contractor is being paid for has been done and the homeowner approves of quality.**

8) **Example of payment schedule:**
   - Work begins – Contractor performs two days of demo and purchases framing materials.
   - Contractor submits to Owner invoice for work and materials.
   - If approved, Owner emails approval to cut the check to CRS/HHP staff member.
   - Heritage staff submits invoice to finance for processing.
   - Check is cut within five (5) business days.

- **No down payments are made, but CRS can make payments at the beginning of project for materials, provided that it is less than 50% of the total project cost**
- **Partial payments for work completed require a 10% retainer until final payment**
- **Reimbursement will be made within five (5) business days**
- **If the check is lost or misplaced under any circumstances, CRS will cancel the check after 10 business days and reissue. There is a $30 bank fee to cancel and reissue a lost check, which is deducted from the escrow account.**