CONNECTICUT HOUSING FINANCE AUTHORITY
Unlocking Solutions, Building Strong Communities.

Retainage Reduction/Release Requirements

IMPORTANT: It is CHFA's long-standing process and practice to withhold 5% retainage on all trade items, general requirements, builder's overhead, builder's profit, change orders and inventory.

A. Reductions in retainage requested by the mortgagor will be considered by the Connecticut Housing Finance Authority (CHFA) upon the following occurrences:

- at Substantial Completion (reduction from 5.0% to 2.5%)
- at Final Requisition (reduction from 2.5% to zero)

B. When a reduction of retainage is requested, the mortgagor and contractor shall furnish, in form and content acceptable to CHFA, the following documentation: Reduction from 5.0% to 2.5%

1) Certification from the General Contractor confirming its current list of payables to subcontractors and suppliers;
2) Certification from the General Contractor stating that sub-contractors and suppliers will share in the reduction of retainage on a pro-rata basis;
3) Written consent from the Bonding Company to the reduction of retainage from 5% to 2.5%;
4) 100% Lien waivers from all subcontractors and suppliers for all payments approved by CHFA;
5) Statement of Compliance from the Mortgagor's Licensed Environmental Professional stating that all remediation work per the Environmental Summary, has been performed according to all current local, state and federal regulations, which includes radon testing results for at least twenty-five percent of randomly selected ground level units, but no less than one unit in each building after substantial completion has been achieved. Some projects, such as RAD transactions, are subject to federal environmental remediation, so these projects should also include the receipt and evidence of the federal clearance for the environmental remediation work prior to the release of any retainage. *For rehab projects, lead clearances are required and lead wipe samples shall be taken to ensure there are no lead hazards in any residential living unit or other areas of the property.*
6) Letter from the energy consultant listing sustainable design measures in the project based on the inspected, tested and verified As-built conditions confirming that they meet design intent, target performance goals, and certification(s) as applicable to the project given the scope of work and funding source, since minor/moderate rehabs may not include significant sustainable measures. *For all 9% projects please reference CHFA's Energy Conservation & Sustainability Guidelines for requirements, which includes Certificates for Passive House, LEED, and others.*
7) Certificate of Substantial Completion issued by the architect (AIA Form G704), and signed by the Developer/Owner, Architect and General Contractor;

8) All completed punch lists by Architect;

9) Certificates of Occupancy (or inspection reports for minor or moderate rehab projects where residents remained in place during construction) signed and issued by the governing Building Department;

10) Certificate of Actual Cost from the General Contractor, which has been certified to by an independent Certified Public Accountant; and,

11) Verification that the General Contractor and Owner/Developer are in compliance with all CHFA procedures and policies, including the CHFA VLI Policy and Affirmative Action requirements.

C. When a final release of retainage is requested, the mortgagor shall furnish, in form and content acceptable to CHFA, the following documentation: Release of Final 2.5%

1) CHFA Certificate of General Contractor confirming final payments to subcontractors and suppliers;

2) Written consent from the bonding company to the release of retainage;

3) 100% lien waivers from all subcontractors and suppliers for all payments approved by CHFA;

4) One (1) electronic copy (CD, flash drive or ShareFile upload) of an As-Built ALTA Survey, meeting all of the survey requirements in the latest CHFA "Construction Guidelines: Project Planning and Architectural and Construction Services Review Process";

5) One (1) electronic copy (CD, flash drive or ShareFile upload) of the as-built drawings and specifications prepared by the General Contractor;

6) Confirmation there are no outstanding FIELD OBSERVATION INVOICES to be paid, by providing an email from the Field Observer confirming that they have been paid in full for their work on this project;

7) Any other documents required pursuant to the construction contract or as may be required by CHFA.

D. When a full reduction of retainage from 5% to zero is requested, the mortgagor shall furnish, in form and content acceptable to CHFA, all of the documentation listed in sections B and C above.

E. CHFA may modify the above-stated timing requirements and authorize a complete reduction in retainage for the Environmental Remediation and Demolition Trade Items, as noted on the accepted CHFA Project Cost Summary Form, for those developments with a construction schedule of more than twelve (12) months. The remaining Trade Items shall continue to be subject to the reduction in retainage timing requirements stated in Item A above.

F. Developments with Multiple Buildings:

1. CHFA may modify the above-stated timing requirements and authorize a reduction in retainage to 2.5% on a building-by-building basis, as each is completed. In such cases, not all of the submission documents listed in section B would need to be submitted; however, a signed Certificate of Substantial Completion and Certificate of Occupancy from the local municipality are required along with all environmental closeout reports such as acceptable radon testing and lead wipe clearances as required. This reduction in retainage is subject to the requirements outlined in paragraph F.3.

2. The remaining uncompleted buildings will continue to be subject to the 5.0% retainage requirement determined at Initial Closing, until those buildings have been completed in accordance with paragraph F.1 above.

3. When the final building in the development has reached 95% completion, the mortgagor may request a final reduction in retainage to achieve an overall development retainage reduction to 2.5%. The mortgagor and general contractor must provide all of the information required for the 2.5% reduction in retainage listed in section B.

G. CHFA may consider modifying the above-stated requirements, in section C, and authorize a complete reduction in retainage for those developments that have achieved construction completion and have not Final Closed, due to the mortgagor's failure to submit specific reduction of retainage items that are beyond the general contractor's control (submission of As-Built ALTA Survey, submission of statement of compliance from the environmental consultant).

H. Each reduction in retainage request will be considered on a development-by-development basis by the CHFA Multifamily Development and Architectural and Construction Services departments.

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