

## Retainage Reduction/Release Requirements

- 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 shall furnish, in form and content acceptable to CHFA, the following information:
1. Reduction from 5.0% to 2.5%
    - a. Certification from the General Contractor of its current list of payables
    - b. Certification from the General Contractor stating subcontractors and suppliers will share in the reduction in retainage on a pro-rata basis
    - c. Written consent from the Bonding Company to the reduction in retainage (original signed, sealed consent form, with CHFA as Obligee)
    - d. Lien waivers from all subcontractors and suppliers
    - e. Certificate of Substantial Completion signed and issued by the Architect
    - f. Certificate of Occupancy signed and issued by the governing Building Department
    - g. Statement of Compliance from the Mortgagor's Licensed Environmental Professional which includes radon testing of all ground level units after Substantial Completion has been achieved
    - h. A Certificate of Actual Cost from the General Contractor, which has been certified to by an independent, Certified Public Accountant
    - i. Verification that the GC and owner/developer is in compliance with the CHFA VLI Policy requirements and the Affirmative Action requirements.
  2. Release of Final 2.5%
    - a. Written confirmation that a Certificate of General Contractor confirming final payments to subcontractors and suppliers will be furnished to CHFA within 60 days after the general contractor has received its final payment from the mortgagor
    - b. Written consent from the Bonding Company to the reduction in retainage (original signed, sealed consent form, with CHFA as Dual Obligee)
    - c. Lien waivers from all subcontractors and suppliers
    - d. Statement of Compliance from the Mortgagor's Licensed Environmental Professional which includes radon testing of all ground level units after Substantial Completion has been achieved
    - e. One (1) electronic copy (CD or ShareFile upload) of the owner's operating and maintenance manuals, and warranties for labor, material and equipment for building components identified in the Project Manual
    - f. One (1) signed and sealed copy and (1) electronic copy (CD or ShareFile upload) of the As-Built A-2 Survey, including the specific Survey Certification Statement

language that can be found in the latest CHFA “Construction Guidelines: Project Planning and Technical Review Process”

- g. One (1) electronic copy (CD or ShareFile upload) of the As-Built Drawings and Specifications prepared by the Contractor, as verified and approved by the Architect
  - h. A Certificate of Actual Cost from the General Contractor, which has been certified to by an independent, Certified Public Accountant
  - i. Verification that the GC and owner/developer is in compliance with the CHFA VLI Policy requirements and the Affirmative Action requirements.
  - j. Any other documents required pursuant to the Construction Contract or as may be required by CHFA.
- C. 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.
- D. 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. There will be no requirement for submitting information as stated in B.1 above, except that for each completed building, the mortgagor shall be required to submit a signed Certificate of Substantial Completion and a Certificate of Occupancy from the city or town in which the development is located. This reduction in retainage is subject to the requirements outlined in paragraph D.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 D.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 Item B.1 above.
- E. CHFA may consider modifying the above-stated requirements, Item B.2, 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 A-2 Survey, submission of statement of compliance from the environmental consultant). Each reduction in retainage request will be considered on a development-by-development basis by the CHFA Multifamily Development and Technical Services departments.
- F. Developments Financed entirely with non-CHFA Funding Sources: CHFA may, at its sole discretion, consider modifying the above-stated requirements, Items A – E, on a development-by-development basis after review by the CHFA Multifamily Development and Technical Services departments.