

North Carolina Housing Finance Agency: Reserve Request Process

Tips and Guidelines for a Successful Request

Updated January 1, 2024

Types of Reserve Accounts

- Operating Reserves
 - Minimum balance found in the loan documents
 - Can be used if there is an operating deficit due to economic hardship
 - Funded prior to loan closing
- Replacement Reserves
 - Minimum balance equal to 24 months deposits
 - Can be used for payments/reimbursement of capital improvement items (replacement not repair)
 - Property makes monthly payments into the account

Step-By-Step Instructions to Enter into RCRS

- Step 1: From the HOME Screen, you will select the property you wish to enter a reserve request for by clicking “Property List” along the top of the screen
- Step 2: Click the Agency Project Number (APN) of the property you wish to work with
- Step 3: From the menu bar along the top select Property Menu followed by Reserve Requests
- Step 4: Now you are ready to begin entering the information for a specific request. Click the green “Add Reserve Request” button in the upper right-hand corner
 - Also, on this screen you can see a historical list of all previously submitted requests
 - If there is a submission date, the data was entered via RCRS and you will be able to see the attachments as well.
 - No submission date means the data was entered by hand before RCRS submissions were mandatory
- Step 5: Enter the amount requested for the entire submission
 - Total all invoices included
- Step 6: Select the Reserve Type
 - Replacement or Operating
- Step 7: Enter a comment
- Step 8: Click the blue SAVE button at the bottom.
- Step 9: Attach Documents, by clicking the blue UPLOAD button, select the file to upload and then click the blue OK button at the bottom of the screen
 - Note: Requests with all documents scanned together as one file will be sent back
- Step 10: Once all three documents have been attached, the view button will turn a bright green and you can view the documents to ensure they uploaded correctly. Then click the blue okay button
 - Note: For operating reserves, the attached documents will differ. Instead of (or in addition to) invoices, you must also attach the current accounts receivables and payables, current vacancy, cash flow, and owners reason for request and plan to get property back into a positive cash flow
- Step 11: There is one final step to ensure the reserve request is submitted, and that is to click the green SUBMIT button in the upper right-hand corner.
 - You can also edit the request if you see an error by clicking the Edit Reserve Request button in the same location
- Step 12: Once you have submitted you will be asked if you are sure, click the blue OK button here to confirm
- Step 13: You will be taken back to the Reserve Request Detail and you can click the blue OK button at the bottom to close the request

You should be taken back to the Reserve Request List where you can see all historical data. Your most recent submission will be listed at the bottom

- Once a request has been submitted you will not be able to make edits
- If you need to edit a request AFTER it has been submitted, you can email Randa McCauley at rjmccauley@nchfa.com and it can be sent back to you
- To view the request, click on the magnifying glass to the left of the submission

Operating Reserves Reminders

- Property must be running at a deficit to be eligible
- Replacement reserve items are not eligible
- Mortgage payments, monthly reserve payments, management fees are not eligible and will be taken out of the deficit calculation

Things to Remember

- If submitting for a prior approval, you MUST include 2-3 comparable bids
- If submitting for reimbursement, you MUST include the actual invoice (not a quote)
- Invoices over 12 months will not be accepted
- Include the most recent trial balance and bank statement for the reserve accounts
- It takes up to 30-days for NCHFA staff to review/approve all reserve requests
- Replacement NOT Repairs (repairs are not eligible)
- Preference is to enter one per quarter or semi-annually
- When submitting large requests, please have a cover sheet listing all items included

Who Needs NCHFA Approval

- Current funding types that require agency approval for reserves
 - TCAP
 - Exchange
 - RPP Loans (HOME, HTF, NHTF)
 - PLP (HOME, HTF)
 - SHD (HOME, HTF, NHTF)
 - ISHP
- Always refer to property specific loan documents if clarity is needed

Most Common Eligible Items

- Appliance Replacement
- Bathtub/Shower Replacement
- Roof Replacement
- Whole Building Gutter/Downspout Replacement
- HVAC Replacement (not repairs)
- Repaving/Resurfacing/Sealcoating Parking Lot of Sidewalk
- Water Heater Replacement
- Flooring Replacement
- Range Queen/Fire Extinguisher Replacement
- Door, Sink, Faucet, Toilet, Window Replacements (only if replacing at least 10-15% of the property)
- Extensive Plumbing/Sanitary System Repairs
- Repainting Exterior of Building

Items NOT Eligible

- Landscaping
- Pest Control
- Window Blinds
- Routine Maintenance Items and/or Supplies
- Interior Painting
- Carpet Cleaning and/or Flooring Repairs
- Drywall Repairs
- Water Extractions

Help Hints

- To check the status: follow Steps 1-3 from the HOME screen in RCRS, which will take you to the Reserve Request List for that particular property
 - Under the Status Column you will see 4 different possibilities
 - ✓ **Pending:** Means management has NOT yet submitted
 - ✓ **Submitted:** Pending NCHFA review
 - ✓ **Accepted:** The 1st reviewer at NCHFA has reviewed
 - ✓ **Approved:** Final approval has been granted.
- If the Approved amount has been adjusted, you will need to open the request to view any comments made regarding the adjustment
- You will **NOT** get an approval email, but if there are questions/corrections needed you will get an RCRS notification
- If a request is DENIED, the status will still say APPROVED, but the Approved amount will be \$0