



What does National Fund Control™ do?

National Fund Control™ provides a construction progress draw payment protection service for project owners and their lenders.

How do you “protect the payment” for construction progress draw disbursements?

We control when the progress draw checks are released. This includes receiving the proper documents before the checks are released including verifying the lien waivers match the payee and amount the draw payment was approved for.

How many checks are distributed on a new construction project?

We require checks to be paid to the individual vendors who supply materials and labor on the project. There could be from as few as a hundred checks to several hundred or thousand. This would be determined by the size and complexity of the project.

With that many checks, how do you stay organized and maintain control?

First, we require that each project have its own unique checking account for cutting the checks..... Second, we’ve developed a proprietary web based application to account for the transactions. Third, we have highly trained and knowledgeable processors with strict internal processes to eliminate human error.

So, you basically eliminate the risk the owner of the project and their lender may incur by eliminating the lump sum payment to the general contractor and their control of payments to their vendors?

That is correct.

Tell me about the proprietary web application you use.

The web application was developed to improve the communication of data between the various parties involved in a construction draw. Each party has their unique online access to the data of the project. For example, the general contractor has a login to submit the draws including the vendor information to pay. The inspector assigned to the project has a login to update the inspection report and the digital images taken to support the inspection report. The lender has a login to view the data including the signed documents we receive and scan and store within the database. The lender is also provided powerful portfolio management reports they can use internally. And our staff has their login to provide the back office servicing we do. This application also automatically updates and creates the documents we use to have signed by the contractor and the project owner and creates the lien waivers for the vendors to sign. All forms are linked to and filled in with what was approved to fund.

Who sets up the checking account for the project?

We are flexible as to who establishes the project's checking account. Typically the owner of the project will setup the account and sign the checks. We can also work with the general contractor to setup the account and sign the checks.

If the owner of the project signs the checks are they responsible to prepare the checks?

No. We prepare the checks after the inspection has been completed and the final review of the signed documents is done. We will print the checks for each payee approved for payment and send the checks to the Owner for their representative to sign and return to us.

If the general contractor establishes the checking account, do you prepare the checks for the general contractor?

We can do this like the owner's checks but, typically the general contractor wants to print and sign the checks and then send them to our office for release. This allows the general contractor to utilize their job cost accounting program they are familiar with.

What else do you do to minimize the risk for the owner of the project and their lender?

On each draw request from the general contractor we have an independent inspector visit the jobsite to verify the request. They review the draw request and document the progress of completion with digital images. They are trained to look for discrepancies in the request and actual work completed in the field. If there is a discrepancy they will make note of it on the report.

Who receives the inspection report?

We receive the report as does the lender on the project.

What else do you do to minimize the risk for the owner of the project and their lender?

We can perform a budget review of the project prior to the completion of the loan documents. This service provides a check of the budget numbers from the general contractor and will flag any discrepancies in the budget.

How does the budget review service work?

We require a copy of the agreement between the owner and the general contractor, all bids and quotes from trades and suppliers received by the general contractor, a complete set of plans and specifications, engineering reports and a copy of the building permit. From this information an estimator will review the documents, evaluate where additional takeoff calculations and/or bids are needed and prepare a report showing the estimate of discrepancies.

How do you handle change orders?

We require signed change orders from the project owner, their lender and the general contractor before we change the budget on the project. We look at change orders as changes in the original budget. Our hard coded application will not allow the general contractor to request a penny more than what is approved on the original budget trade line. So, if the general contractor needs to move funds from a contingency line to a trade line, then they have to request it through our application and provide the reason why with supporting documents, if necessary. The project's owner and their lender are sent the request form automatically and have to sign off and approve the request before any adjusting of the budget is done.

What happens if there is an increase in the overall budget due to specification changes or other reasons?

If there is an increase in the overall budget then typically it is prudent for the lender to increase the credit line with the owner or, if this is not feasible, have the owner deposit the amount of the change order with the lender before the lender approves the change order.

Either way we do not change the original budget provided to us without the approval from the project's owner and their lender.

What type of owner contractor contracts can you provide your services?

We can service any type of contract between the owner and the contractor. Whether it is a construction management, lump sum or a cost plus our forms and detailed accounting is flexible.

What do the Application for Payment forms look like for the general contractor and owner sign?

We have 2 types of forms. One is a form is used for light commercial, residential, T/I and remodel. This is a simple to read form with columns showing original budget, revised budget, previous paid, current payment and balance to be paid.

The second form is used for heavier construction projects. This form is similar to what Architects use and includes more detailed information such as line item payee and their payment detail, change orders by line item and other information.

How does the general contractor submit the draw request?

The general contractor submits the request online through their portal we create for them. They do a one-time setup of their vendors, enter the amount to pay and submit. Instantly, the inspector assigned to the project receives an e-mail notification that the project is ready to inspect. The inspector is provided an inspection form worksheet with the requested amounts on each line item and used to evaluate the work-in-place.

What does the inspector do with their report?

The inspector is provided a login access to the application to enter his report and images taken to support the inspection. This information is assembled into a standardized report that is available for the lender to review and print and our processors to do the same. So, no matter which inspector is used the inspection report is in a standardized format.

What is important about a standardized report?

Manual systems allow for each inspector or general contractor to submit their version of forms or reports. Some will be handwritten on a paper form they created and some will be on an electronic file form they created. Efficiency and accuracy is easier to accomplish when each inspector and general contractor provide the same type of form or report, including lien waivers. This is what our proprietary application does. It standardizes the forms and automatically updates the data making them reliable and easier to read.