

CONSTRUCTION DRAW REVIEW BANK'S TECHNICAL REPRESENTATIVE

OVERVIEW

HRP Associates, Inc. acts as a Bank's Technical Representative for the purposes of reviewing the work completed on a project as it relates to the funds requested by the Borrower against the construction loan. The overall objective of this work is to insure that the funds remaining in the construction loan are sufficient to complete the project. Our work also requires us to evaluate the quality of work based solely upon visual inspections and a comparison of the plans and physical evidence of work completed in the field, and testing/certification reports prepared by others and provided to us for review. Our work is not construction inspection or engineering design of the structures or mechanical/electrical/plumbing systems.



HRP has provided these services for sites in Connecticut, Pennsylvania and New Jersey. The types of projects include commercial building space up to 250,000 S.F., residential construction, and large scale assisted living units. Loan values have ranged from \$2M to \$18M. These services are conducted under the supervision of a Professional Engineer.

TASKS

Initial Plan Review

The tasks included in our work include the following:

- Initial plan review and comparison of estimated building costs with average building costs for the type of construction proposed.
- Assessment of construction schedule and construction draw schedule to assess overall reasonableness.
- Review of building permit.
- Summary letter rendering an opinion on the overall feasibility of completing the project within the budget/loan and time period for construction. Any items of concern with respect to the schedule of values or time of completion would be included in this letter report.



Monthly Inspections

Throughout the construction period, HRP will visit the project site for the purposes of:

- Assessing the work completed and comparing it to the project plans for general conformance.
- Visually inspecting the quality of work, and reviewing any testing/certification reports provided to us regarding material quality.
- Comparing the construction draw against the work completed in the field.

CONSTRUCTION DRAW REVIEW BANK'S TECHNICAL REPRESENTATIVE

- Evaluating the funds expended on the project versus the funds remaining and rendering an opinion on the feasibility of completing the project within the budget.
- Identifying significant issues observed in the field that could impact the ability of the contractor to successfully complete the project (i.e. damage to work from natural causes, vandalism or poor quality).

Final Report

The final report will assess the overall completeness of the work as it compares to the project plans. It will identify any significant items that have not been completed and that would require withholding construction loan funds. This report is customarily issued after the certificate of occupancy for the project has been issued.

Deliverables

The following deliverables will be provided to the Bank for each project that HRP provides construction loan services on:

- **Initial report** detailing the overall feasibility of the project to be built within the financial budget and within the time period estimated by the contractor. This report will identify any cost items that appear to be unrealistically high or low compared to published data. This report will also review the building permit and plans solely for the purpose of making a general assessment that the level of detail provided will allow a contractor to complete the project and that there are not any significant items missing that would be needed to bid and complete the project.
- **Monthly reports** for the duration of the project that render an opinion on the visible quality of work, and comparing the requested construction draw against the work completed in the field. This report will include progress photographs and will identify any conditions in the field that would significantly impact the ability of the project to be completed.
- **Final report** at the completion of the project. HRP will provide a final report which summarizes the overall conformance of the finished project with the project plans. Any significant items that have not been completed and require withholding of loan funds would be identified in this report.



PROJECT FEES

The fees for this work are set based upon the complexity of the project and the exact scope of services. More complex projects requiring a more extensive initial review, or more frequent site visits if more frequent construction draws are anticipated (i.e. bi-monthly), will impact the fees.