

.04 RESERVE ACCOUNTS

The Loan Agreement is the governing document that summarizes each account and AHFC may, in whole or in part, delegate its responsibilities and authority to the Servicer. Prudent accounting practices are to be exercised.

A. Replacement Reserves

A replacement reserve draw request may be submitted to AHFC on the Notification for Disbursement of Replacement Reserves ([Form SER-99](#)). Documentation is to include copies of all valid receipts/invoices, Servicer's inspection results and recommendations. The replacement reserve items are to be identified on the origination loan documents.

If the Servicer has delegated replacement reserve authority, the Servicer is required to send a copy of the Servicer approved Notification for Disbursement of Replacement Reserves ([Form SER-99 Delegated](#)) to AHFC within 5 business days of approval.

The Servicer is required to maintain copies of the receipts, invoices, Servicer's inspection results and other related supporting documentation.

B. Rent-Up Reserves

The Rent-Up Reserve account is established for operating revenues until the property attains 100% occupancy. All rent-up reserve draws are to be subject to AHFC's approval. The Servicer is to submit the Recommendation for Disbursement of Rent-Up or Operating Reserves ([Form SER-101](#)), itemized income and expense report, statement of cash on hand and itemized income and expense budget for approval.

C. Operating Contingency Reserves

All Operating Contingency Reserve Disbursements are to be subject to AHFC's approval. Submit the Recommendation for Disbursement of Rent-Up or Operating Reserves ([Form SER-101](#)) and the paperwork listed in paragraph B of this section.