



## **Northern Escrow Funds Control Overview**

Northern Escrow, Inc (NEI) is a third-party disbursing agent who works with sureties to provide comprehensive fund control for construction contracts. Following is a brief overview of the escrow company expectations and procedures.

**Set Up:** Initial funds control paperwork includes letters to the project owner for the contractor (client) to sign and a governing agreement signed with the first job. These documents require ink signatures and can be initially returned via email. Original Escrow Agreements are kept on file for future jobs.

**Job Cost Breakdown:** Prior to starting work on the project, a detailed job cost breakdown is requested per forms provided by Northern Escrow. Requested information includes the budgeted costs for materials, equipment rentals, fuel (if delivered to the site), and subcontractors (include signed subcontract agreements). We ask that budgeted costs without vendors determined also be submitted. This information can be submitted via email or fax.

**Progress Payments:** Contractors work directly with the project owner to submit payment requests as normal. When the payment has been approved and is schedule to be funded by the project owner, prepared disbursement paperwork should be submitted to NEI to review.

**Disbursement Requests:** Each disbursement request should include the following items:

1. Completed and signed disbursement sheet listing totals to be paid to each vendor and a rough breakdown balance of funds being sent to the contractor.
2. Vendor invoices that correspond to the payment request. Signed subcontract agreements need to be turned in before a subcontractor is paid.
3. The Project Payment Application (Pay Estimate) that outlines what is being paid by the project owner.
4. After each vendors payment is submitted, lien waivers will need to be collected and turned in with the next disbursement request.
5. Disbursement requests are reviewed against the payment application line items to ensure vendors are paid for the work the owner has paid on the payment application.

**Project Close Out:** At the completion of the project, we will request Paid in Full Project Lien Waivers from all vendors on the project to ensure no invoices are unpaid. Upon final payment disbursement NEI will notify the surety of amount paid and report on overall funds control process.