McCRACKEN UNIVERSITY

WEBINAR SERIES

Why you should use BUILDRITE for Construction Lending

April 2020

Meet the team.

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Today you will learn:

1. **The benefits of implementing BUILDRITE**
2. **How our customers have improved construction lending with BUILDRITE**
3. **The latest functionality in Release 20 of the BUILDRITE application**

Our agenda.

- *What is BUILDRITE?*
- *Why should I use BUILDRITE?*
- *How our customers have improved construction lending with BUILDRITE*
- *BUILDRITE functionality at Release 20*

SECTION 1

What is BUILDRITE?

What is BUILDRITE?

- Construction Budget management software application
- Web-based accessed via a widget in the McCracken Portal
- Existing Construction Budget module was enhanced recently

SECTION 2

Why should I use BUILDRITE?

8 reasons why you should use BUILDRITE

1. Construction loan software that gives you total visibility of construction loans in one central location
2. Budget/Draw Queues provide insight into all Budgets and Draws in process and their status
3. Customer defined workflow processes for setting up a Budget and processing Draws and Change Orders
4. Customer defined budget templates to streamline setting up Budgets
5. Ability to import Line Items from a spreadsheet into the system
6. Capture and manage multiple types of Funding Sources that fund specific budget costs
7. Notes available through the system, documents can be uploaded and viewed
8. Reporting capability

SECTION 3

How our customers have improved construction lending with BUILDRITE

A quick story

- A little background about a STRATEGY customer using BUILDRITE:
  - 4 Loan Administrators processing a high volume of draws 2 days a week
  - On average each Loan Administrator saves 1 hour per day
  - 52 weeks in a year

- They estimate saving over 400 hours a year processing draws in BUILDRITE

BUILDRITE functionality is a “huge time saver”

- **System works fast**
  - Previous working on an antiquated home-grown system that was slow
- **Managers are spending less time reviewing draws**
  - All data and documentation is in one central location
- **Errors are pointed out in a more obvious way to ensure accuracy**
  - Visual queues and built in controls
- **Conditions that needs to met prior to disbursing draw are easier to monitor**
  - Specials Condition can be tied to draws ensuring required items are cleared prior to disbursing funds
- **Loan Administrators are spending less time processing draws**
  - Streamlined workflow process and automated email notifications

SECTION 4

BUILDRITE functionality at Release 20

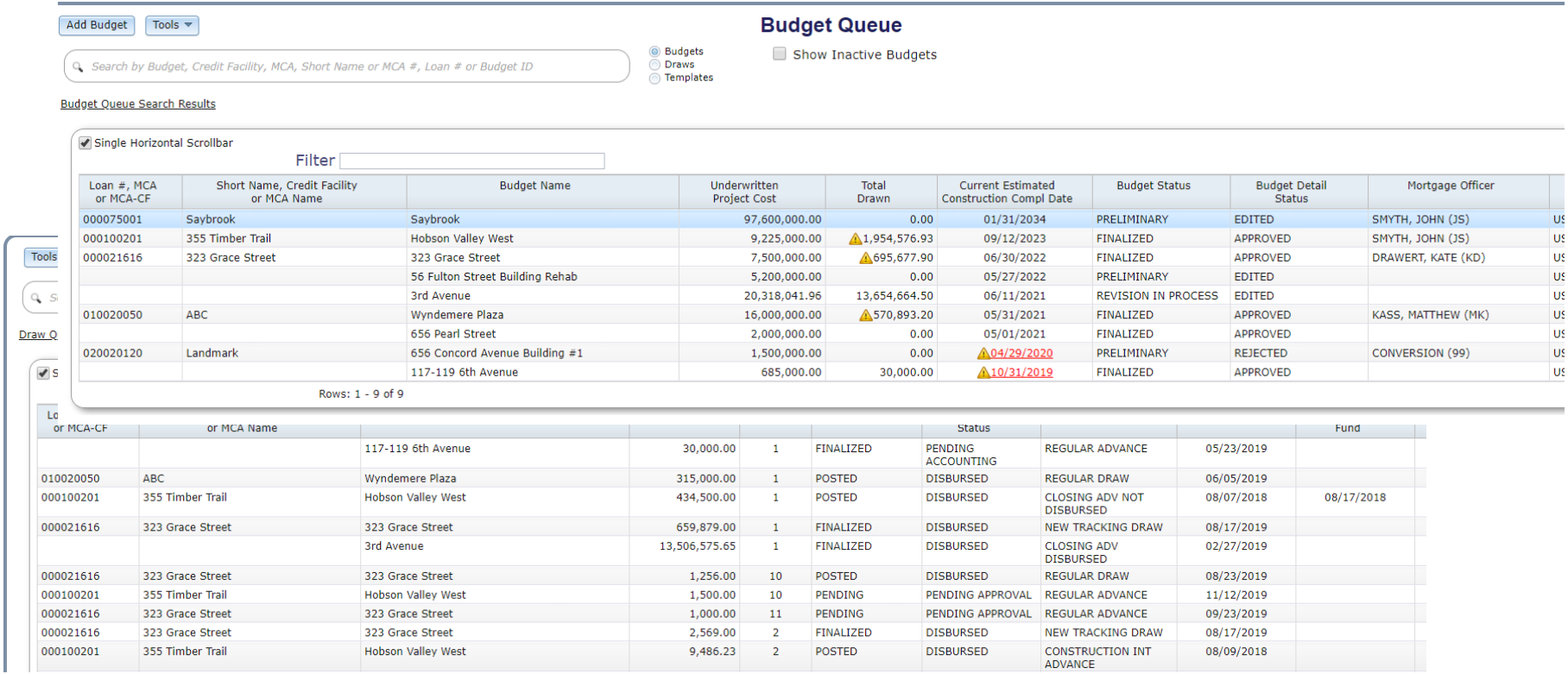
Functionality available in Release 20

- Budget Queues
- Workflow Integration
- Budget Templates
- Mapping Tool
- Funding Source (Sources)
- Line Items (Uses)
- 3rd Parties & Payee
- Special Conditions
- Draw Entry
- Notes
- Revisions (Change Orders)
- Reporting

Budget Queues

- Provides a view of all your budgets and draws in one central location
- Gain visibility into your portfolio and status of budgets and draws

Budget Queues

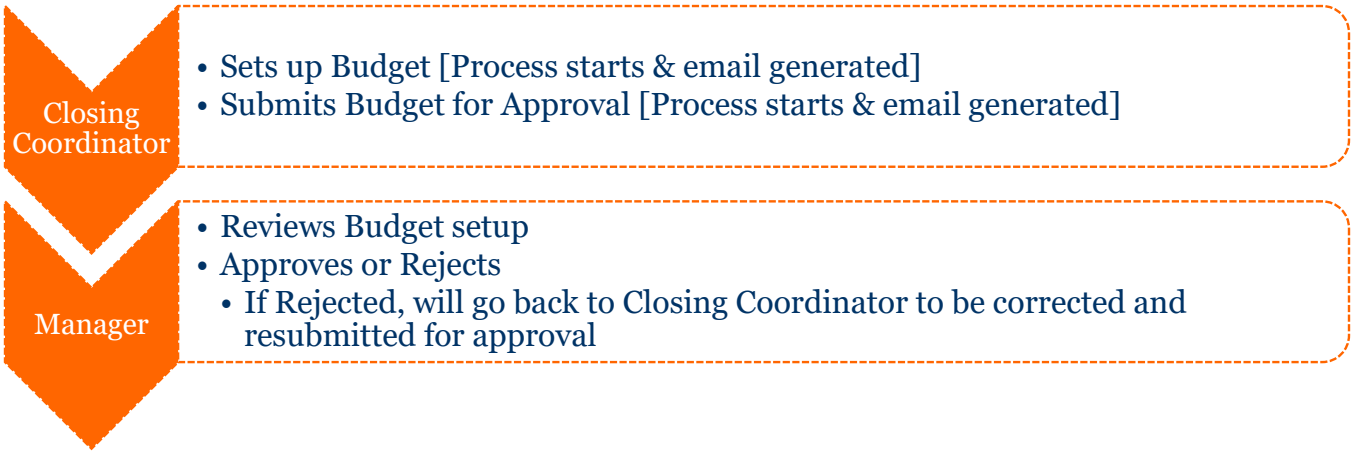


Workflow Integration (Process Manager)

- Route work to appropriate user or group for assignment or approval
- Gain insight into your workload or your direct reports workload using the Process and Task widget
- ➢ Example: Setting up a Budget

Workflow Integration: Budget Setup

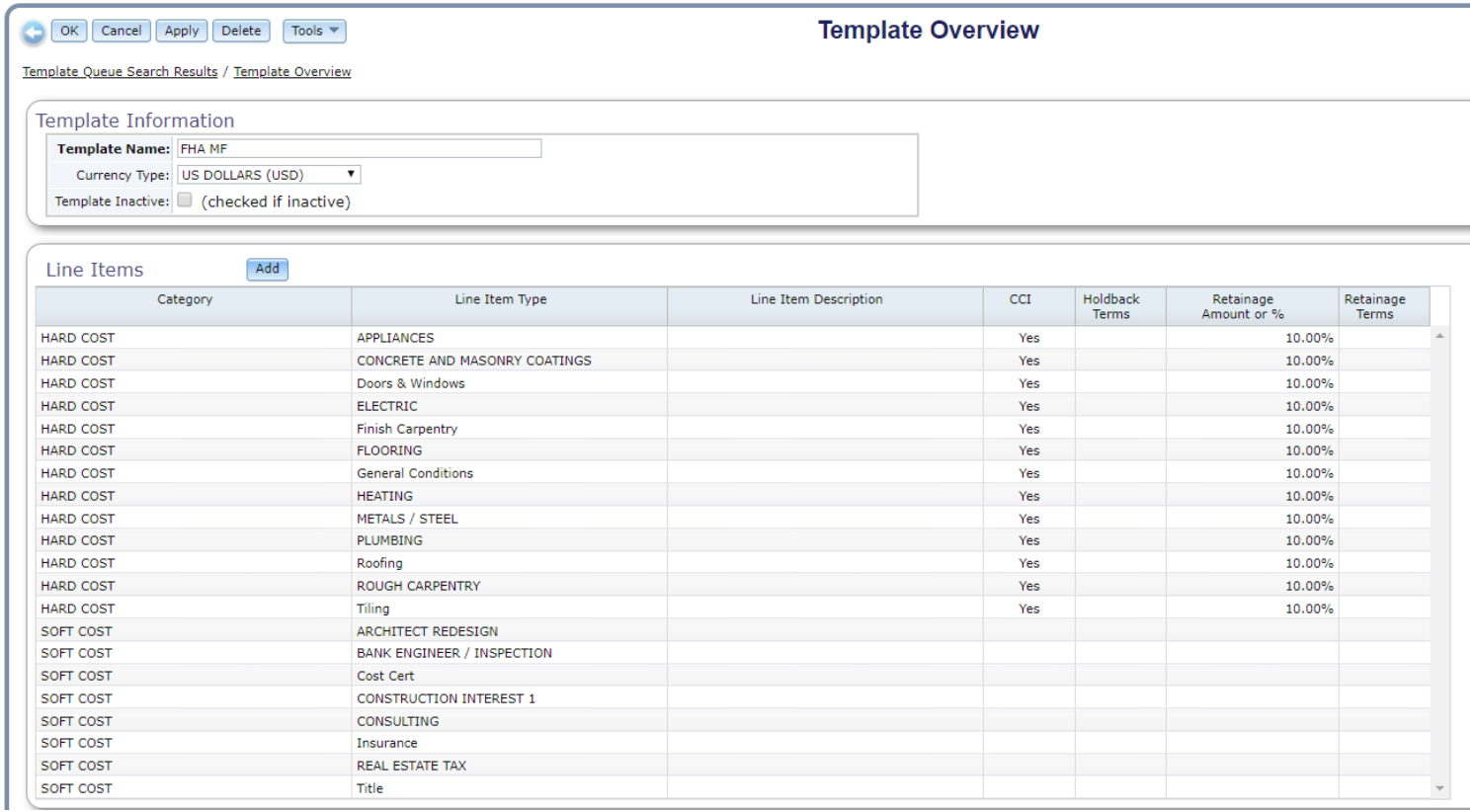
- Basic two step processing with built in edits to ensure a balanced Budget is setup correctly
- Approved Budgets cannot be changed unless they go through a Revision (Change Order process)



Budget Templates

- Customer defined Budget Templates to setup Budgets that have consistent Line Item Types
- Users pick a predefined Budget Templates to create a new Budget, Line Items are generated automatically and then can deleted, edited, or even added
  - Business Example: FHA Multi-family Template

Budget Template



OK Cancel Apply Delete Tools

Template Overview

Template Queue Search Results / Template Overview

Template Information

Template Name: FHA MF

Currency Type: US DOLLARS (USD)

Template Inactive: (checked if inactive)

Line Items Add

Category	Line Item Type	Line Item Description	CCI	Holdback Terms	Retainage Amount or %	Retainage Terms
HARD COST	APPLIANCES		Yes		10.00%	
HARD COST	CONCRETE AND MASONRY COATINGS		Yes		10.00%	
HARD COST	Doors & Windows		Yes		10.00%	
HARD COST	ELECTRIC		Yes		10.00%	
HARD COST	Finish Carpentry		Yes		10.00%	
HARD COST	FLOORING		Yes		10.00%	
HARD COST	General Conditions		Yes		10.00%	
HARD COST	HEATING		Yes		10.00%	
HARD COST	METALS / STEEL		Yes		10.00%	
HARD COST	PLUMBING		Yes		10.00%	
HARD COST	Roofing		Yes		10.00%	
HARD COST	ROUGH CARPENTRY		Yes		10.00%	
HARD COST	Tiling		Yes		10.00%	
SOFT COST	ARCHITECT REDESIGN					
SOFT COST	BANK ENGINEER / INSPECTION					
SOFT COST	Cost Cert					
SOFT COST	CONSTRUCTION INTEREST 1					
SOFT COST	CONSULTING					
SOFT COST	Insurance					
SOFT COST	REAL ESTATE TAX					
SOFT COST	Title					

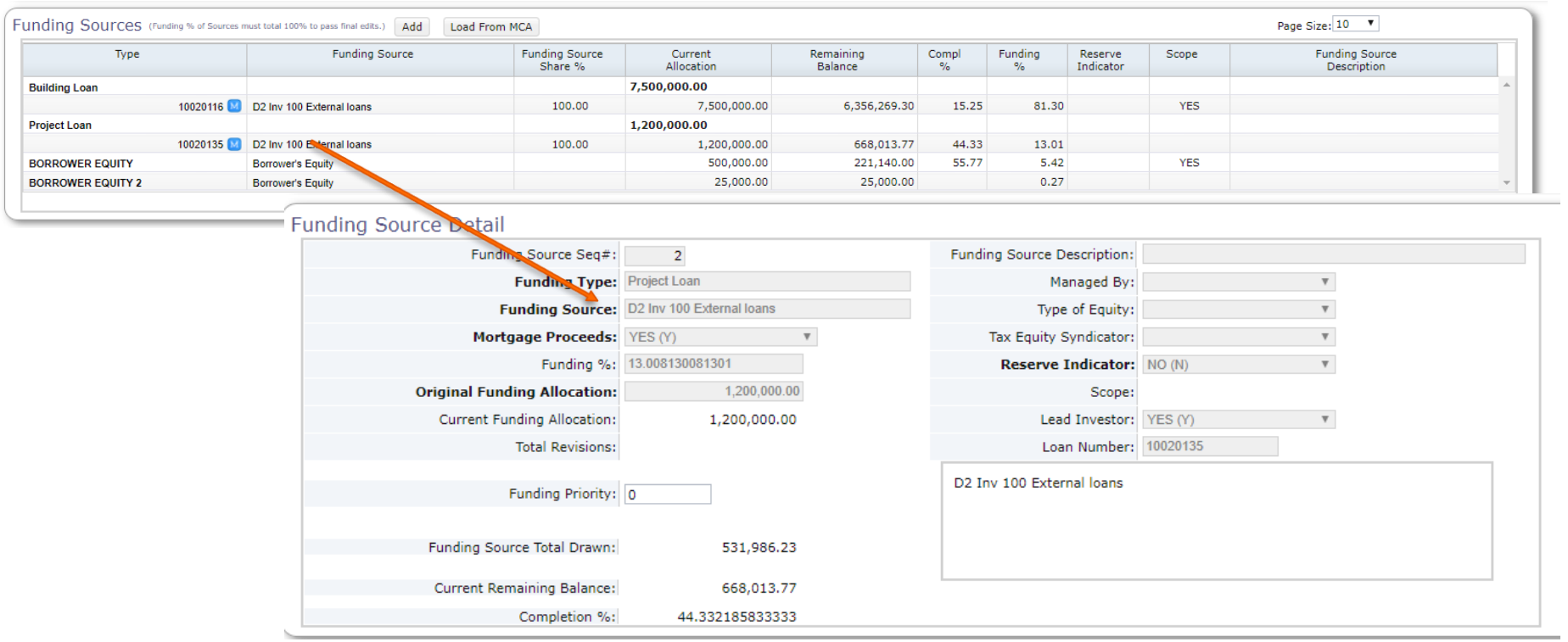
Mapping Tool – Mati

- Eliminate time spent with manual data entry
- Create a complete audit trail & enforces all business edits as if the info was manually entered
- ➢ Business Example: A customer used the Mapping Tool during their production implementation to quickly set up Budgets

Funding Sources

- Capture multiple Funding Source that could fund a Budget, including multiple loans
- Link a Funding Source to a Reserve and view the current balance
- ➢ Business Example: New York State deals that has multiple notes that dictate how Line Items are funded

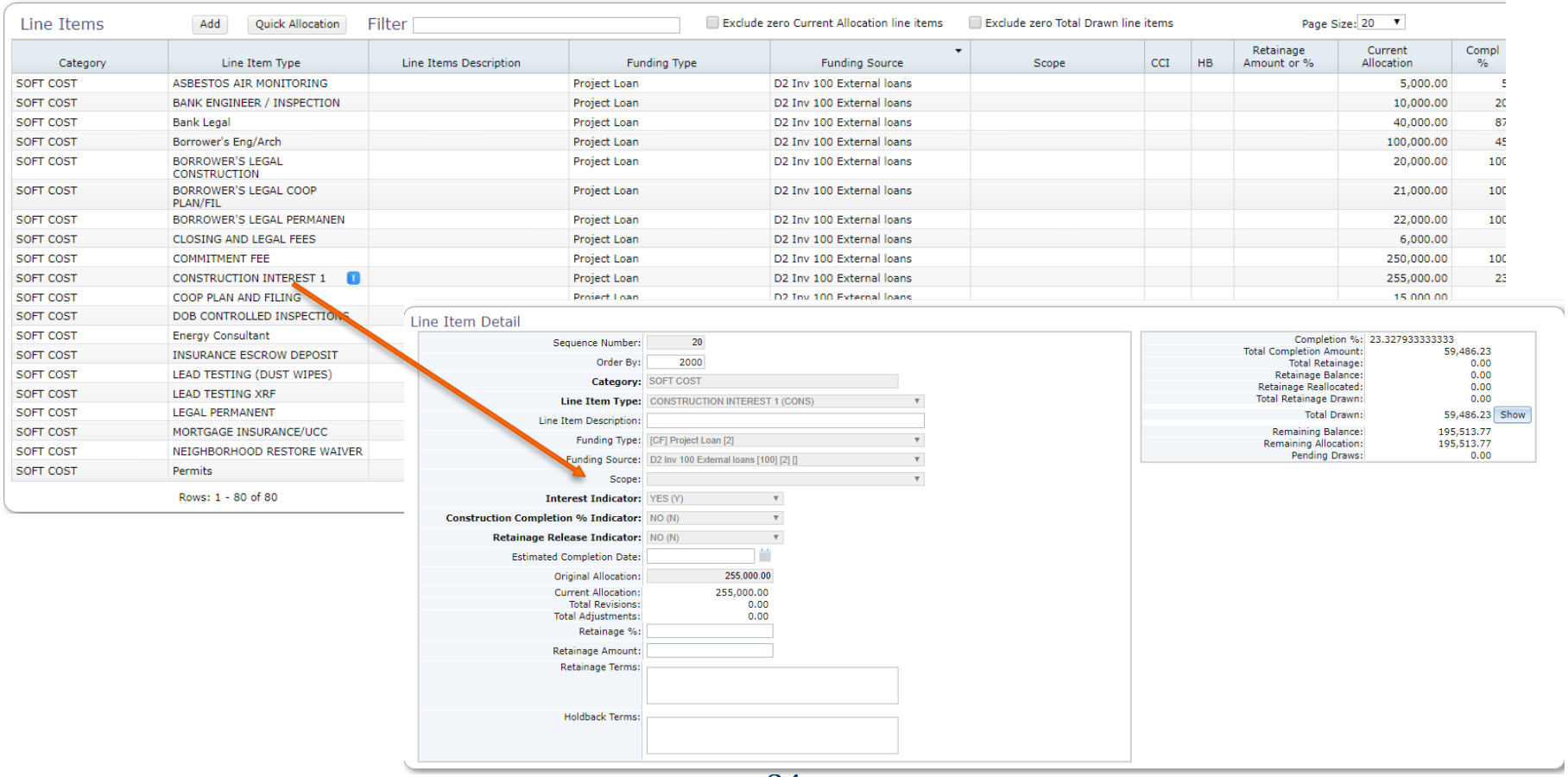
Funding Sources



Line Items

- Line Items can be connected to a Funding Source
- Retainage captured at the Line Item level and can be changed at anytime
- ➢ Business Example: Customers have flexibility in capturing the Line Items with customer defined fields

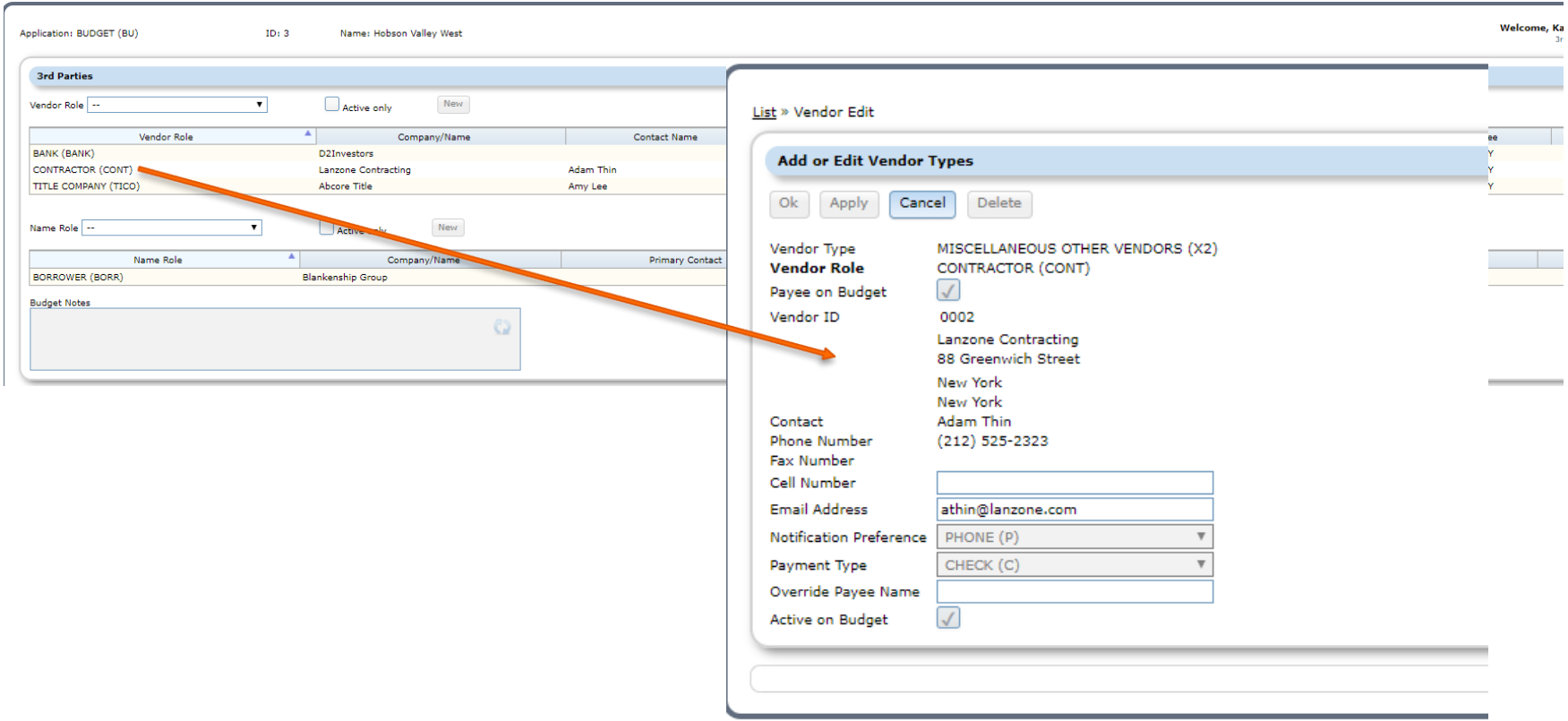
Line Items


Line Items
Add
Quick Allocation
Filter
Exclude zero Current Allocation line items
Exclude zero Total Drawn line items
Page Size: 20
Category
Line Item Type
Line Items Description
Funding Type
Funding Source
Scope
CCI
HB
Retainage Amount or %
Current Allocation
Compl %
SOFT COST ASBESTOS AIR MONITORING Project Loan D2 Inv 100 External loans 5,000.00
SOFT COST BANK ENGINEER / INSPECTION Project Loan D2 Inv 100 External loans 10,000.00
SOFT COST Bank Legal Project Loan D2 Inv 100 External loans 40,000.00
SOFT COST Borrower's Eng/Arch Project Loan D2 Inv 100 External loans 100,000.00
SOFT COST BORROWER'S LEGAL CONSTRUCTION Project Loan D2 Inv 100 External loans 20,000.00
SOFT COST BORROWER'S LEGAL COOP PLAN/FIL Project Loan D2 Inv 100 External loans 21,000.00
SOFT COST BORROWER'S LEGAL PERMANEN Project Loan D2 Inv 100 External loans 22,000.00
SOFT COST CLOSING AND LEGAL FEES Project Loan D2 Inv 100 External loans 6,000.00
SOFT COST COMMITMENT FEE Project Loan D2 Inv 100 External loans 250,000.00
SOFT COST CONSTRUCTION INTEREST 1 Project Loan D2 Inv 100 External loans 255,000.00
SOFT COST COOP PLAN AND FILING
SOFT COST DOB CONTROLLED INSPECTIONS
SOFT COST Energy Consultant
SOFT COST INSURANCE ESCROW DEPOSIT
SOFT COST LEAD TESTING (DUST WIPES)
SOFT COST LEAD TESTING XRF
SOFT COST LEGAL PERMANENT
SOFT COST MORTGAGE INSURANCE/UCC
SOFT COST NEIGHBORHOOD RESTORE WAIVER
SOFT COST Permits
Rows: 1 - 80 of 80
Line Item Detail
Sequence Number: 20
Order By: 2000
Category: SOFT COST
Line Item Type: CONSTRUCTION INTEREST 1 (CONS)
Line Item Description:
Funding Type: [CF] Project Loan [2]
Funding Source: D2 Inv 100 External loans [100] [2] []
Scope:
Interest Indicator: YES (Y)
Construction Completion % Indicator: NO (N)
Retainage Release Indicator: NO (N)
Estimated Completion Date:
Original Allocation: 255,000.00
Current Allocation: 255,000.00
Total Revisions: 0.00
Total Adjustments: 0.00
Retainage %:
Retainage Amount:
Retainage Terms:
Holdback Terms:
Completion %: 23.327933333333
Total Completion Amount: 59,486.23
Total Retainage: 0.00
Retainage Balance: 0.00
Retainage Reallocated: 0.00
Total Retainage Drawn: 0.00
Total Drawn: 59,486.23
Show
Remaining Balance: 195,513.77
Remaining Allocation: 195,513.77
Pending Draws: 0.00

3rd Parties and Payees

- Capture all the businesses and individuals related to a Budget and their contact information in one central location
- Flag 3rd parties as Payees on a Budget to control who you can disburse funds to
  - Business Example: Contractor Name & Contact Information

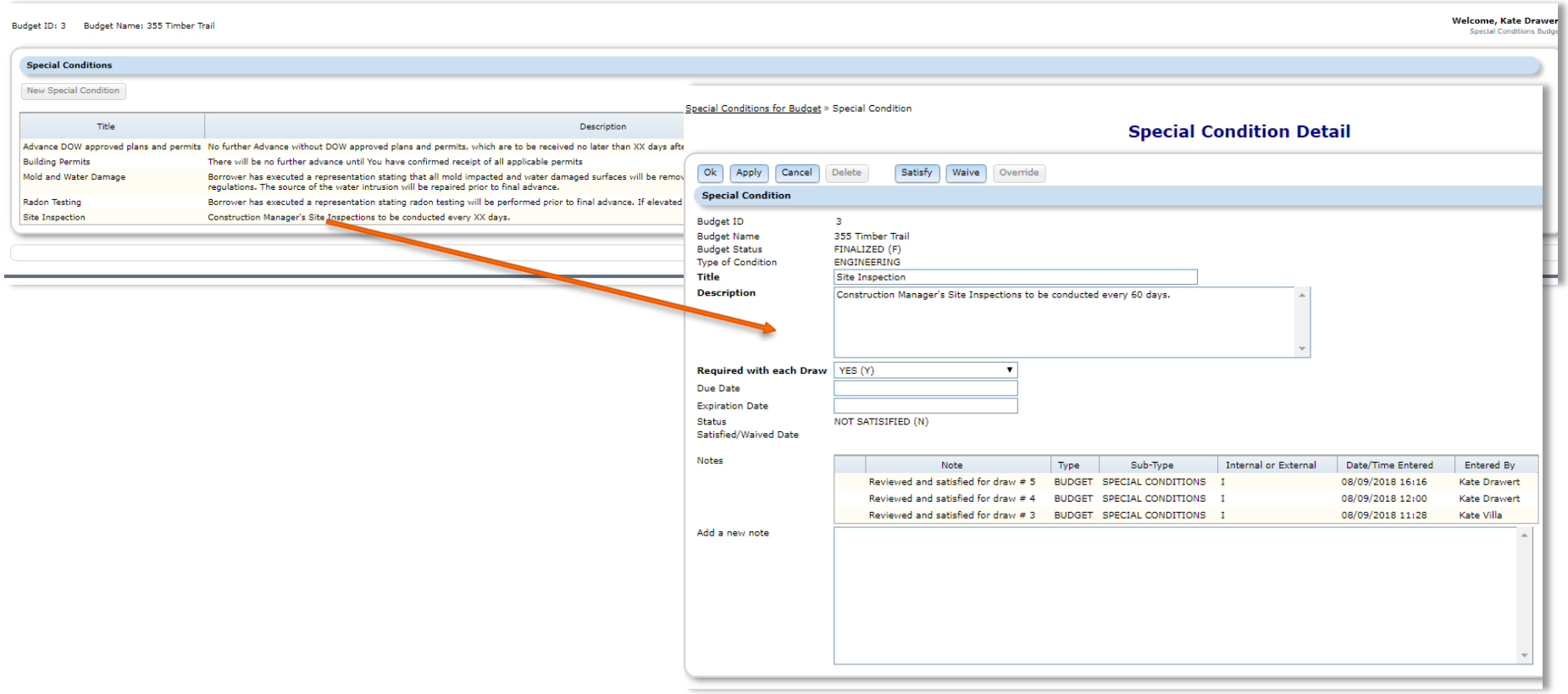
3rd Party & Payees



Special Conditions

- Capture post closing conditions that need to be managed during the construction period or as each Draw is processed
- Special Condition Templates set up at the system level and then can be attached to a specific Budget indicating a Due Date/Expiration Date or if it needs to be reviewed with each Draw
- ➢ Business Examples: Managing Site Inspections

Special Conditions



Draw Entry

- BUILDRITE System Control settings enable customers to define Draw types and determine if Title is required
- Spilt the Draw into multiple transactions by Funding Source Indicating the Payee and Payment Method
- ➢ Business Example: Different Draw Types

Draw Entry

Regular Draw

- Title Request/Waiver Required*

Servicer
- Enters Draw [Process Starts & email generated]
- Requests Title Request/Waiver [Process Starts & email generated]
- Submits Draw for Approval [Process Starts & email generated]

Manager
- Reviews Draw
- Approves or Rejects [Process Starts & email generated]

Finance
- Reviews Draw
- Approves or Rejects (Title Approval Required to continue*)
- Posts Transactions to Strategy [Process Starts & email generated]

Accounting
- Reviews Draw
- Approves or Rejects [Email generated]
- Disburses Check/Wires

Construction Interest Draw

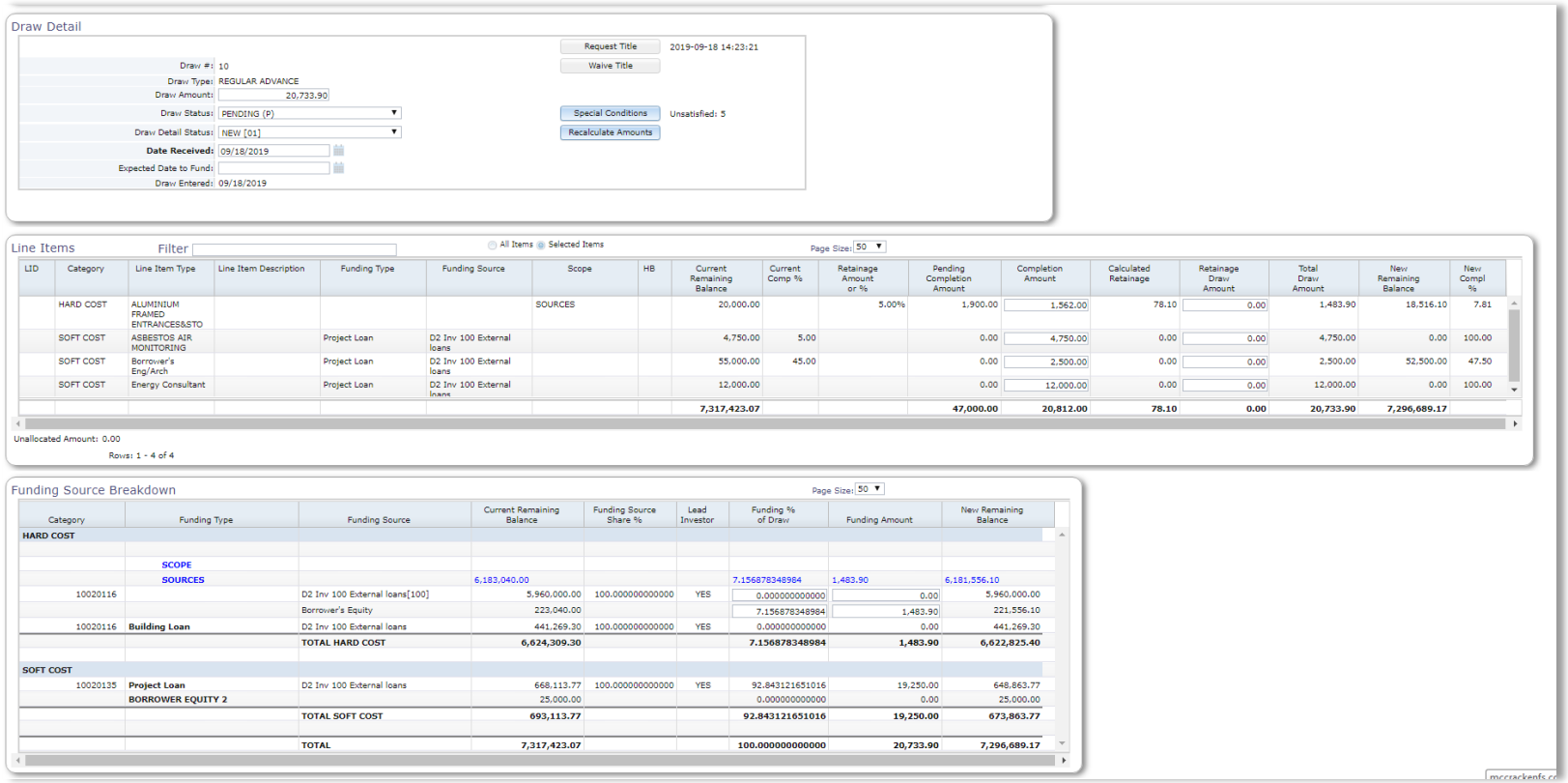
- Title not Required

Servicer
- Enters Draw [Process Starts & email generated]
- Submits Draw for Approval [Process Starts & email generated]

Manager
- Reviews Draw
- Approves or Rejects [Process Starts & email generated]

Finance
- Reviews Draw
- Approves or Rejects[Email generated]
- Posts Transactions to Strategy

Draw Entry



Draw Detail

Draw #: 10
Draw Type: REGULAR ADVANCE
Draw Amount: 20,733.90
Draw Status: PENDING (P)
Draw Detail Status: NEW [01]
Date Received: 09/18/2019
Expected Date to Fund:
Draw Entered: 09/18/2019

Request Title 2019-09-18 14:23:21
Waive Title
Special Conditions Unsatisfied: 5
Recalculate Amounts

Line Items

Filter

All Items Selected Items

Page Size: 50

LID	Category	Line Item Type	Line Item Description	Funding Type	Funding Source	Scope	HB	Current Remaining Balance	Current Comp %	Retainage Amount or %	Pending Completion Amount	Completion Amount	Calculated Retainage	Retainage Draw Amount	Total Draw Amount	New Remaining Balance	New Compl %
	HARD COST	ALUMINIUM FRAMED ENTRANCES&STO				SOURCES		20,000.00		5.00%	1,900.00	1,562.00	78.10	0.00	1,483.90	18,516.10	7.81
	SOFT COST	ASBESTOS AIR MONITORING		Project Loan	D2 Inv 100 External loans			4,750.00	5.00		0.00	4,750.00	0.00	0.00	4,750.00	0.00	100.00
	SOFT COST	Borrower's Eng/Arch		Project Loan	D2 Inv 100 External loans			55,000.00	45.00		0.00	2,500.00	0.00	0.00	2,500.00	52,500.00	47.50
	SOFT COST	Energy Consultant		Project Loan	D2 Inv 100 External loans			12,000.00			0.00	12,000.00	0.00	0.00	12,000.00	0.00	100.00
								7,317,423.07			**47,000.00**	**20,812.00**	**78.10**	**0.00**	**20,733.90**	**7,296,689.17**	

Unallocated Amount: 0.00

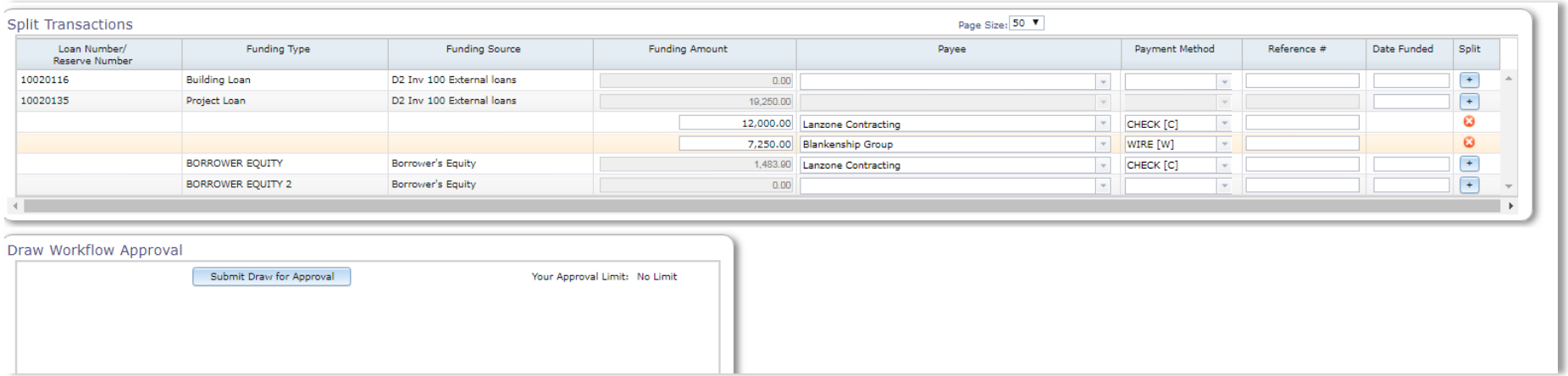
Rows: 1 - 4 of 4

Funding Source Breakdown

Page Size: 50

Category	Funding Type	Funding Source	Current Remaining Balance	Funding Source Share %	Lead Investor	Funding % of Draw	Funding Amount	New Remaining Balance
HARD COST								
	SCOPE							
	SOURCES		6,183,040.00			7.156878348984	1,483.90	6,181,556.10
10020116		D2 Inv 100 External loans[100]	5,960,000.00	100.000000000000	YES	0.000000000000	0.00	5,960,000.00
		Borrower's Equity	223,040.00			7.156878348984	1,483.90	221,556.10
10020116	**Building Loan**	D2 Inv 100 External loans	441,269.30	100.000000000000	YES	0.000000000000	0.00	441,269.30
		TOTAL HARD COST	**6,624,309.30**			**7.156878348984**	**1,483.90**	**6,622,825.40**
SOFT COST								
10020135	**Project Loan**	D2 Inv 100 External loans	668,113.77	100.000000000000	YES	92.843121651016	19,250.00	648,863.77
	BORROWER EQUITY 2		25,000.00			0.000000000000	0.00	25,000.00
		TOTAL SOFT COST	**693,113.77**			**92.843121651016**	**19,250.00**	**673,863.77**
		TOTAL	**7,317,423.07**			**100.000000000000**	**20,733.90**	**7,296,689.17**

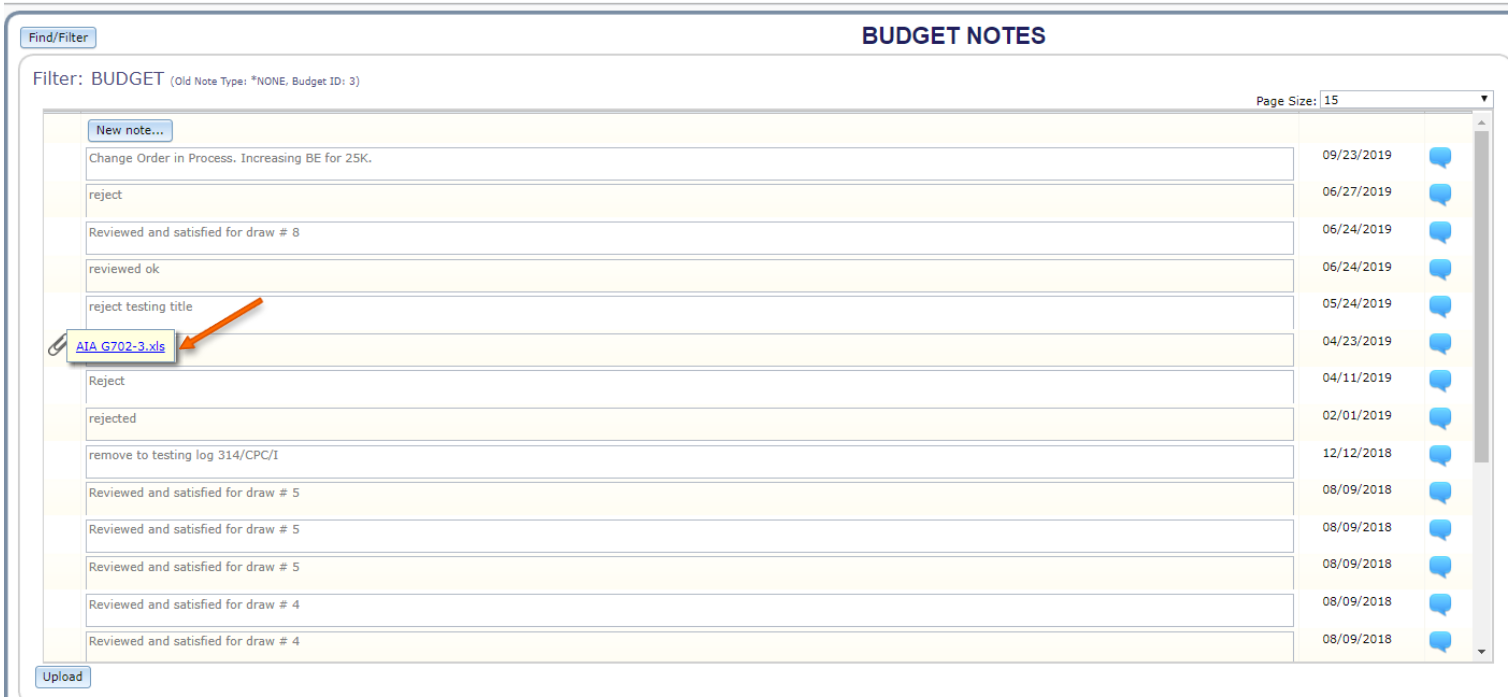
Draw Entry – Spilt Transactions



Notes

- Add/view notes and upload documents into a central location
- Cut down on internal communication
- Business Example: Upload AIA for each Draw

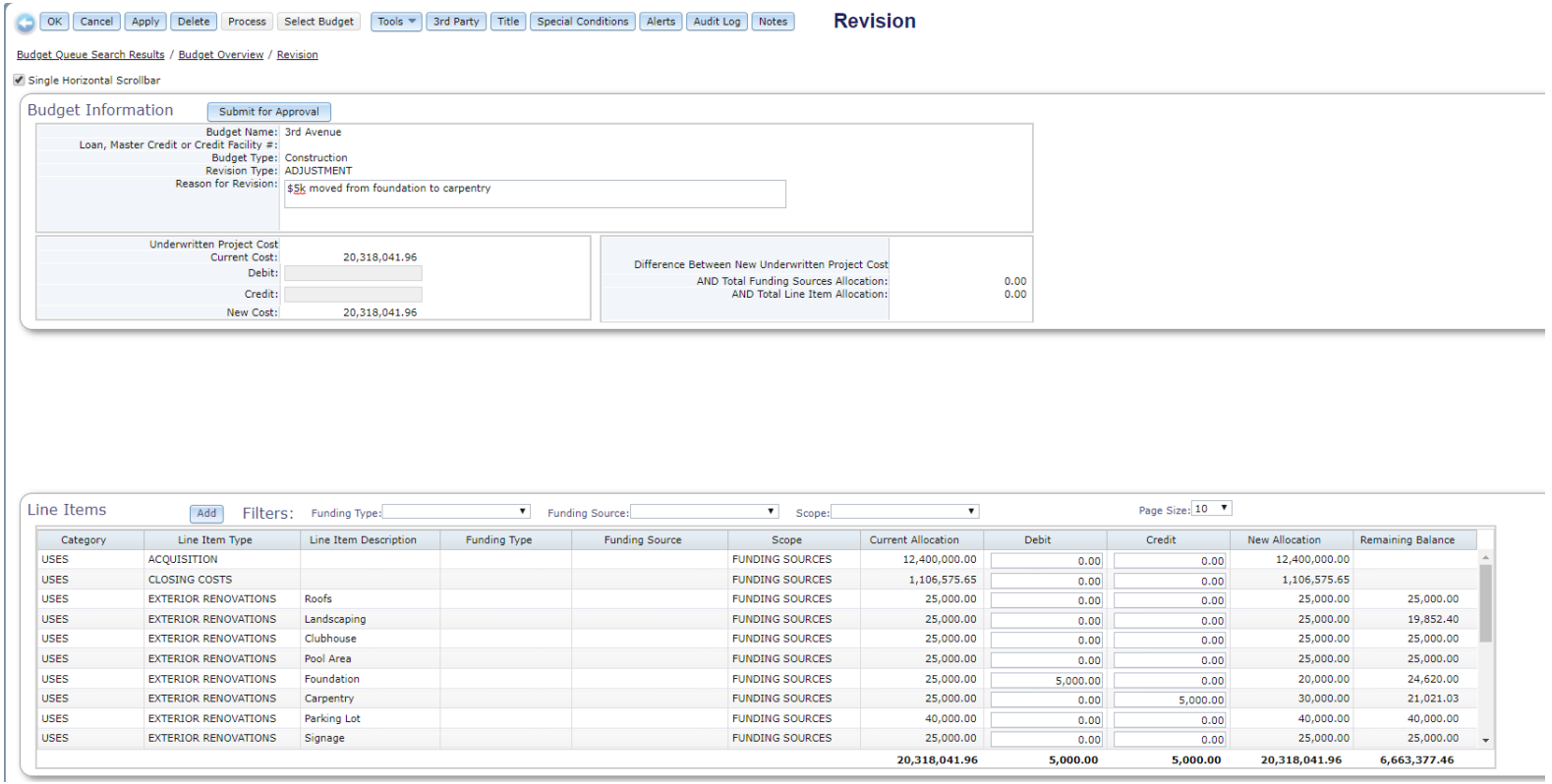
Notes


Find/Filter
BUDGET NOTES
Filter: BUDGET (Old Note Type: *NONE, Budget ID: 3)
Page Size: 15
New note...
Change Order in Process. Increasing BE for 25K. 09/23/2019
reject 06/27/2019
Reviewed and satisfied for draw # 8 06/24/2019
reviewed ok 06/24/2019
reject testing title 05/24/2019
AIA G702-3.xls 04/23/2019
Reject 04/11/2019
rejected 02/01/2019
remove to testing log 314/CPC/I 12/12/2018
Reviewed and satisfied for draw # 5 08/09/2018
Reviewed and satisfied for draw # 5 08/09/2018
Reviewed and satisfied for draw # 5 08/09/2018
Reviewed and satisfied for draw # 4 08/09/2018
Reviewed and satisfied for draw # 4 08/09/2018
Upload

Revisions (Change Orders)

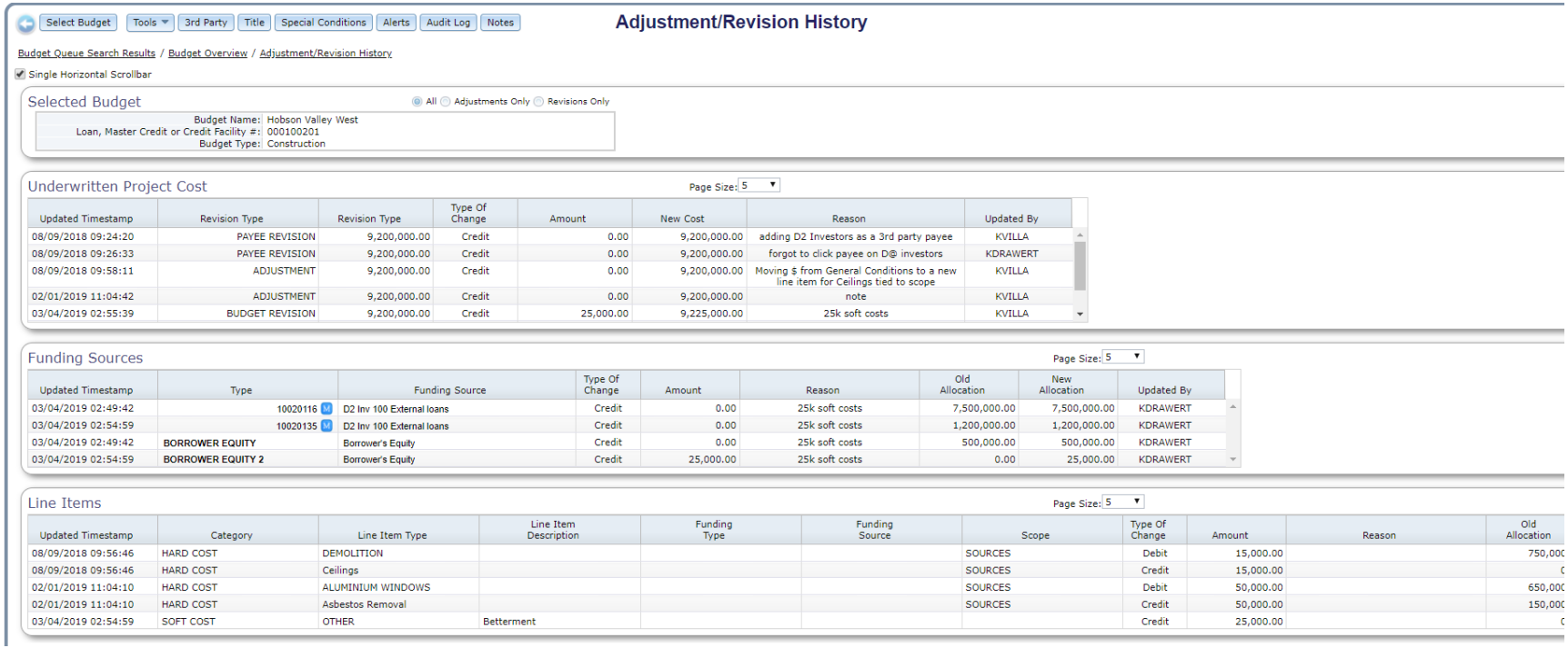
- Changes to approved Budgets require a Revision to be processed
- Revision History provides a view of all changes made on a Budget
- Business Example: Adjustment

Revision – Adjustment



Category	Line Item Type	Line Item Description	Funding Type	Funding Source	Scope	Current Allocation	Debit	Credit	New Allocation	Remaining Balance
USES	ACQUISITION				FUNDING SOURCES	12,400,000.00	0.00	0.00	12,400,000.00	
USES	CLOSING COSTS				FUNDING SOURCES	1,106,575.65	0.00	0.00	1,106,575.65	
USES	EXTERIOR RENOVATIONS	Roofs			FUNDING SOURCES	25,000.00	0.00	0.00	25,000.00	25,000.00
USES	EXTERIOR RENOVATIONS	Landscaping			FUNDING SOURCES	25,000.00	0.00	0.00	25,000.00	19,852.40
USES	EXTERIOR RENOVATIONS	Clubhouse			FUNDING SOURCES	25,000.00	0.00	0.00	25,000.00	25,000.00
USES	EXTERIOR RENOVATIONS	Pool Area			FUNDING SOURCES	25,000.00	0.00	0.00	25,000.00	25,000.00
USES	EXTERIOR RENOVATIONS	Foundation			FUNDING SOURCES	25,000.00	5,000.00	0.00	20,000.00	24,620.00
USES	EXTERIOR RENOVATIONS	Carpentry			FUNDING SOURCES	25,000.00	0.00	5,000.00	30,000.00	21,021.03
USES	EXTERIOR RENOVATIONS	Parking Lot			FUNDING SOURCES	40,000.00	0.00	0.00	40,000.00	40,000.00
USES	EXTERIOR RENOVATIONS	Signage			FUNDING SOURCES	25,000.00	0.00	0.00	25,000.00	25,000.00
						20,318,041.96	**5,000.00**	**5,000.00**	**20,318,041.96**	**6,663,377.46**

Revision History



Select Budget | Tools | 3rd Party | Title | Special Conditions | Alerts | Audit Log | Notes

Adjustment/Revision History

Budget Queue Search Results / Budget Overview / Adjustment/Revision History

Single Horizontal Scrollbar

Selected Budget

All | Adjustments Only | Revisions Only

Budget Name: Hobson Valley West
Loan, Master Credit or Credit Facility #: 000100201
Budget Type: Construction

Underwritten Project Cost

Page Size: 5

Updated Timestamp	Revision Type	Revision Type	Type Of Change	Amount	New Cost	Reason	Updated By
08/09/2018 09:24:20	PAYEE REVISION	9,200,000.00	Credit	0.00	9,200,000.00	adding D2 Investors as a 3rd party payee	KVILLA
08/09/2018 09:26:33	PAYEE REVISION	9,200,000.00	Credit	0.00	9,200,000.00	forgot to click payee on D@ investors	KDRAWERT
08/09/2018 09:58:11	ADJUSTMENT	9,200,000.00	Credit	0.00	9,200,000.00	Moving $ from General Conditions to a new line item for Ceilings tied to scope	KVILLA
02/01/2019 11:04:42	ADJUSTMENT	9,200,000.00	Credit	0.00	9,200,000.00	note	KVILLA
03/04/2019 02:55:39	BUDGET REVISION	9,200,000.00	Credit	25,000.00	9,225,000.00	25k soft costs	KVILLA

Funding Sources

Page Size: 5

Updated Timestamp	Type	Funding Source	Type Of Change	Amount	Reason	Old Allocation	New Allocation	Updated By
03/04/2019 02:49:42	10020116 M	D2 Inv 100 External loans	Credit	0.00	25k soft costs	7,500,000.00	7,500,000.00	KDRAWERT
03/04/2019 02:54:59	10020135 M	D2 Inv 100 External loans	Credit	0.00	25k soft costs	1,200,000.00	1,200,000.00	KDRAWERT
03/04/2019 02:49:42	BORROWER EQUITY	Borrower's Equity	Credit	0.00	25k soft costs	500,000.00	500,000.00	KDRAWERT
03/04/2019 02:54:59	BORROWER EQUITY 2	Borrower's Equity	Credit	25,000.00	25k soft costs	0.00	25,000.00	KDRAWERT

Line Items

Page Size: 5

Updated Timestamp	Category	Line Item Type	Line Item Description	Funding Type	Funding Source	Scope	Type Of Change	Amount	Reason	Old Allocation
08/09/2018 09:56:46	HARD COST	DEMOLITION				SOURCES	Debit	15,000.00		750,000
08/09/2018 09:56:46	HARD COST	Ceilings				SOURCES	Credit	15,000.00		0
02/01/2019 11:04:10	HARD COST	ALUMINIUM WINDOWS				SOURCES	Debit	50,000.00		650,000
02/01/2019 11:04:10	HARD COST	Asbestos Removal				SOURCES	Credit	50,000.00		150,000
03/04/2019 02:54:59	SOFT COST	OTHER	Betterment				Credit	25,000.00		0

Reporting

- Provide Budget and Draw activity reporting to your borrowers
  - Example: Draw History Report

Should I be using BUILDRITE?

- I have construction loans in your portfolio
- My budgets are currently managed manually on spreadsheets or an antiquated home-grown system
- I struggle with visibility into my construction budget portfolio
- I spend countless hours trying to pull together the status of a budget or draw because documentation is not in a central location
- I find it difficult to manage multiple funding sources that could be required to fund specific uses
- I need an integrated workflow management tool to streamline my processes related to approving budgets or processing draws
- I'm concerned about the lack of controls in your current process that could lead to costly errors

Next Steps

- This presentation is available at www.mccrackenfs.com in the DOCUMENTS section
- If you are interested in implementing BUILDRITE please reach out to the McCracken Support Center at:

SupportCenter@McCrackenFS.com

McCRACKEN UNIVERSITY

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