

## BULLETIN 28

### VERIFYING PROJECT FINANCIAL INFORMATION

*August 2024*

CCDC contracts for construction include general conditions which entitle the Contractor to request that the Owner furnish reasonable evidence that financial arrangements have been made to fulfill the Owner's obligations under the contract. Such requests may be made prior to execution of the Agreement or from time to time thereafter. Failure to seek such assurances may put the Contractor at risk of non-payment, which can have severe effects on not only the Contractor, but Subcontractors and Suppliers as well.

The purpose of this bulletin is to outline some of the key information that should be requested by Contractors and provided by Owners. A sample form for this purpose can be found at the end of this bulletin.

#### **Owner Information:**

Identify the Owner, including their proper legal name, structure and representatives authorized to bind the Owner. This information can be used to determine if there have been liens filed against the Owner in the past and is also useful in confirming the financing is provided to the Owner and not a separate entity.

While it always depends on the specific Owner, there are different levels of inherent risk of non-payment from Owners of different sizes and types (e.g. government, publicly-owned firms, privately-owned firms).

#### **Property Information:**

Identify whether the Owner holds legal title to the project property. If the property title does not belong to the Owner, the Contractor must have the correct name of the property owner and the legal description of the property if a lien has to be filed.

The ownership of the property, and whether there are caveats, easements, mortgages or other charges against it may impact lien rights. Further legal advice on how these factors pertain to the Contractor's rights should be sought. Where lien rights do not apply, Contractors may wish to negotiate for alternative payment security.

**Project Financing Information:**

Identify the sources of the project's financing. Construction financing can come in many forms, and may include a combination of construction loans, government funding or other sources. In any event, the amount prescribed by each source and the relevant terms of such loan or funding should be disclosed to the Contractor, including from which companies the loans are provided or under which grant or program the funding is secured. Where there are major conditions associated with funding, Contractors should ensure such conditions have been met.

Evidence of financial arrangements should be not only for the contract price, but for the total amount payable by the Owner to the Contractor, including contingencies such as changes. If there is no financial arrangement in the contract for contingencies, then as changes or extras arise, the Contractor may make a separate request for evidence of financial arrangements pertaining to the change. Contractors should be aware if the financial arrangements are also intended to cover other costs than the contract price. In such cases, Contractors should ensure there is sufficient funding and may wish to secure a letter from the financing provider confirming their costs will be covered.

**Support Information:**

Further to the details noted in the previous section, Contractors should seek evidence proving such arrangements. This may include items such as loan agreements, bank letters evidencing financial arrangements and audited financial statements.

*(CCDC bulletins are products of a consensus-building process aimed at balancing the interests of all parties on the construction project. They reflect recommended industry practices. Readers are cautioned that CCDC bulletins do not deal with any specific fact, situation or circumstance. CCDC bulletins do not constitute legal or other professional advice. The CCDC and its constituent member organizations do not accept any responsibility or liability for loss or damage which may be suffered as a result of the use and interpretation of these bulletins.)*

**PROJECT FINANCIAL INFORMATION**

**Project:** \_\_\_\_\_

**Located At:** \_\_\_\_\_

**OWNER INFORMATION**

**Owner**

Legal Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Province: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Contact Person(s): \_\_\_\_\_

**Legal Structure of Owner** (Corporation/Partnership/Individual/Other, please state):

Date of incorporation/establishment: \_\_\_\_\_, Jurisdiction (Federal/Provincial): \_\_\_\_\_

Representative(s) authorized to bind the Owner

Name(s): \_\_\_\_\_

**PROPERTY INFORMATION**

Owner’s interest in property (fee simple, lease, etc.)

Name of party holding legal title to property on which project is to be constructed (if other than Owner):

Legal description of property (add separate sheet if more space required):

Legal structure of title holder (Corporation/Partnership/Individual/Other, please state):

**PROJECT FINANCING INFORMATION** (complete applicable sections)

**Construction Loans**

Lender(s)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Province: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Contact Person(s): \_\_\_\_\_

Type of loan(s): \_\_\_\_\_

Amount of loan(s): \_\_\_\_\_

Terms of loan(s): \_\_\_\_\_

## PROJECT FINANCIAL INFORMATION

### Government Funding (Direct or Government Guaranteed)

Governmental agency

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Province: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Contact Person(s): \_\_\_\_\_

Type of funding (Grant/Loan/Debenture Issue): \_\_\_\_\_

If a grant, name of Grantee: \_\_\_\_\_

Program under which funding provided: \_\_\_\_\_

Amount of funding: \_\_\_\_\_

Terms of grant or loan: \_\_\_\_\_

### Other sources of funds (Owner's equity, syndication proceeds, etc.)

\_\_\_\_\_  
\_\_\_\_\_

### Bank References

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Province: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Contact Person(s): \_\_\_\_\_

### SUPPORT INFORMATION

Indicate and provide one of the following:

- Construction Loan Agreement
- Lender's "Set-Aside" Letter acknowledging amount of loan proceeds to be applied only to draw for the construction contract.
- A bank letter evidencing financial arrangements made to fulfill the Owner's obligations under the Contract.
- Owner's Audited Financial Statement.
- Other evidence of the source of funding.

**I hereby declare the information provided is true and correct to the best of my knowledge and I understand the Contractor is entitled to rely upon the accuracy of such information. I shall notify the Contractor in writing of any material change in my financial arrangements during the performance of the Contract.**

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print name and title of person signing*