



# REHAB CONSTRUCTION LENDING HANDBOOK





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**\*\* Available as an Interactive excel spreadsheet (beta) for use with COGO Capital loans.**



# Welcome from the CEO

## Cogo Capital Rehab Loan Program

Congratulations Borrower!

Welcome to the “Wave of the Future”, as it relates to (REHAB) Borrowing opportunities created specifically for you, the Real Estate Investor. (REHAB) Lending is the ability to borrow money for acquisition and repair of undervalued real estate investment opportunities based on the “After Repaired Value” of what the subject property will eventually be worth. To achieve this new value you will invest in capital improvements to the property, thereby forcing the property value and/or appreciation.

Capital Improvements may include things like a new roof, new siding, new windows, new exterior/interior paint, new kitchens and baths, carpet, etc. etc. etc. Some of these improvements will increase value significantly while other improvement will simply ensure that the property sells more quickly than other properties listed for sale in the immediate neighborhood. Assistance in determining which items should be made a priority vs what should be avoided is always available through our team of business development consultants located here at Cogo Capital.

Cogo Capital has a reputation for being the market leader in funding programs for real estate investors. As new real estate investment opportunities arise due to the ever changing landscape of the real estate investor community, Cogo Capital is committed to continue to provide programs that allow investors to make more money, in more places, more often. This program was developed exclusively by Cogo Capital, for Cogo Capital clients, both past, present, and future. *(Referrals are always appreciated and we will work as hard for your referral clients as we will for you).*

Cogo Capital has worked tirelessly to develop this program to provide a financing solution for real estate investors who have a keen eye for design and repair but perhaps not the budget to successfully complete as many projects as their current bank account may allow. With our money and your ability we hope to make money together for many years to come.

The goal of this REHAB product is to allow you the flexibility and capital necessary to complete your project(s). To ensure the safety of you, our borrower, we have established a set of underwriting guidelines. These guidelines assist us in identifying the amount of money the project will need as well as making sure you have enough funds to complete the scope of the project. These guidelines help us determine the best way to structure your financing package to ensure the construction is completed by licensed, bonded, professionals that will stand by their quoted prices, and complete the project within the accepted timelines.

We understand that at first glance this package may seem somewhat daunting, however as a result of following information contained herein, your project will stay on schedule and on budget assuring you the payday you expect on the date that you expect it. It is through these closely monitored measures that all parties involved, the borrower, the lender, the contractor, can rest peacefully knowing that we are all working together towards the same common goal.

Enclosed in this package is the blueprint, process, policy and procedure necessary to systematize the management of your loan, your construction process, the draw requests and payments to your material men, sub-contractors and suppliers as well as the lien waivers you will need to have signed at each stage of the construction process to ensure you will be able to transfer clean title to your end “retail” buyer.

With this information you will understand what our expectations are of you and also what you can expect from us. Also enclosed are the forms you will utilize to provide us the information to keep your project on track. For your convenience, we have also enclosed sample forms and an entire “After Repaired Value Construction Loan Package”, which you can use to better understand the process. Additionally, you can use this sample inclusion as a template to complete the required forms on your specific transaction.

Congratulations to you as you move ever closer to accomplishing the goals and dreams that you have set for yourself and for you family. We look forward to being your “Construction Loan Provider” on this transaction and many more to come.

To Your Success,



Lee Arnold  
CEO



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*Welcome to the only Rehab Lending Program Created by  
Investors for Investors!*

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## REHAB Program Introduction

Congratulations on being accepted into Cogo Capital's revolutionary REHAB Program. This program highlights the changing markets, nationwide, and provides the financing necessary for real estate investors to capitalize on the changing real estate environment. The opportunity to create wealth through real estate is positioned like no other opportunity in recent years. The smart and savvy real estate investor can take advantage of the current market by utilizing Cogo Capital's REHAB program to strategically situate their real estate portfolio. We are pleased to see you taking advantage of this opportunity and require your full commitment to make your endeavor a success.

We would like to take this opportunity to outline the components of our REHAB Program. As the Principal on this project, you are required to perform certain tasks and have the responsibility to complete the project according to your loan approval.

### 1. What is Cogo Capital?

Cogo Capital is a full service private money lender focused on helping real estate investors build their real estate portfolio through the funding of their real estate transactions. We provide a peer-to-peer lending relationship between real estate investors who buy residential and commercial property and private money lenders who want to diversify their investment portfolio by lending on private money loans. Our private money lender's funds are secured by the real estate, and our real estate investors are provided the capital to finance their real estate project. It is a win win win situation!

### 2. Why Cogo Capital?

Our mission is to provide capital to real estate investors allowing them to gain financial freedom through profitable real estate transactions. We provide asset-based lending to investors looking for funding on non-owner occupied residential and commercial investment deals as a conduit to gain that financial freedom. All Cogo Capital loans are evaluated with asset-based standards, as opposed to the conventional standards utilized by banks and other institutions. That means that even if you don't meet the stringent requirements and guidelines of banks and more traditional lenders, you can still quickly and confidently make offers on real estate deals and get funding for your transactions.

### 3. Who is Cogo Capital?

Cogo Capital is the funding arm of Secured Investment Corp's family of Companies. Secured Investment Corp, through its Circle of Wealth philosophy, provides access to services and resources, necessary for those interested in achieving and furthering financial freedom through profitable real estate transactions. Through The Lee Arnold System of Real Estate, SIC clients are educated, trained, and provided access to relationships and products that allow financial freedom through real estate. Once those clients have the educational tools to find great deals and structure their transactions, Cogo Capital provides the financing to make their dreams a reality. Once your loan is funded, it will most likely be serviced by Lake City Servicing, the

servicing division of SIC. No other Company on the planet provides the Education, Financing, and Long Term Servicing necessary to lead people to financial freedom through real estate.

4. What is a REHAB loan?

REHAB Lending is the ability to borrow money for **acquisition and repair** of undervalued real estate investment opportunities based on the As-Is value or the ARV value of a property. ARV stands for "After Repaired Value". This is the future value of a property after it has been fixed up and made ready for resale. To achieve this new value you will invest in capital improvements to the property, thereby forcing the property value and/or appreciation.

5. Why would anyone Use a REHAB loan?

Most conventional lenders will only provide financing based on the current market value of a property and then only for the purchase price. With REHAB lending, we utilize the professional opinion of licensed real estate appraisers to establish the Potential value of the property once the rehab of the property has been completed. This allows us to lend more money to the real estate investor, and provide the financing required to pay for the improvements necessary to maximize the value of the property. REHAB loans allow the real estate investor to cash flow the project. Funds from the REHAB loan are placed into escrow and released to the borrower and contractor as the project is completed. This also protects the private money lender by guaranteeing the funds held in escrow will be used to improve the property that secures their loan.

6. What are the lending requirements to qualify for a REHAB loan?

First and foremost, you have to have a deal under contract. We will need a copy of your purchase and sale contract, (or proof of ownership). Once you have identified the property you will be investing in, there are three simple items we will need to process your application. You will need to order an appraisal, (if the loan will be based on the ARV value it will need to be an ARV appraisal) provide a scope of work or budget from your contractor, and sign and execute our application and disclosure documents from Cogo Capital. If you do not have three months' worth of payment reserves, you will need to discuss your options with your Loan Officer. Cogo Capital specializes in financing business to business real estate transactions. This means that as a borrower you will need to provide your entity documentation such as Articles of Incorporation or LLC documents, By Laws or Operating Agreement, and IRS EIN letter or EIN verification letter. Cogo Capital does not lend to individuals.

7. What are the benefits of using an REHAB loan from Cogo Capital vs a traditional lender?

Traditional lenders will require you to qualify as an individual using your credit worthiness, and your ability to repay the loan from current cash flow, and will not consider the plausibility of your transaction when qualifying you as a borrower. Ultimately, we look at the overall profitability of your transaction and whether or not your project makes sense. Is the deal "logical?" The great news is that if you do have good credit, you qualify for preferential pricing with Cogo Capital! We have substantial capital to deploy and want to provide this financing tool to make America better because that is what this financing is all about! It is about providing the financing to improve the dilapidated properties in good neighborhoods, getting these properties rehabbed, and providing a good home to quality people and families nationwide. Traditional



lenders are focused on financing the homeowner's primary residence, NOT on making that homeowner wealthy by providing financing on their real estate investment projects.

8. What is the qualification process, closing procedure; upfront costs associated with, and draw requirements for this program?

The only upfront cost of the loan to you is the cost of the appraisal. Once your entity and project has qualified for our REHAB loan program, your loan docs will be prepared by Cogo Capital, your file will be scheduled with a closing agent in your local market, and your loan will be funded. Understand that once your loan is approved, it may take a period of time to fund your loan. We are just as enthusiastic to fund your loan as you are, and to set expectations, many of our Lenders utilize Self Directed IRA funds which means it can take up to 7 to 10 days to transfer monies around. Once your loan funds, we have established a draw process to both monitor your progress on your rehab as well as get you the money you need to keep your project moving forward. Your draw schedule will be based on the percentage of your projects completion and the amount approved for each draw will be dependent upon your loan amount. The best news is that you may qualify for as much as 20% of your budget upfront to get your project moving.

9. What is the procedure once the loan is closed?

Once your loan closes, your goal will be to move your project forward and complete the rehab as quickly as possible to ensure your success and capitalize on a quick turnaround. Our strategic partner will conduct a baseline inspection of your subject property and verify the scope of work you submitted with your loan package. Depending on your rehab loan amount, we will schedule between two (2) and six (6) progress inspections that will be completed prior to releasing your escrowed funds. With each inspection, you will be required to submit invoices and receipts for the work that has been completed and materials that have been purchased. If you are using a General Contractor or Sub Contractors, you will also be required to obtain and execute lien releases with each of them as the work is completed. After each inspection your funds will be released. Once everything on your Scope of Work is completed, the remaining funds in your escrow including your contingency reserve will be released.

10. How do I determine the amount of money I will make once the property is sold and closed?

Making Money is Easy, all you have to do is partner with Cogo Capital! You will be able to calculate the money you will make once the property is sold by using our complementary, proprietary software to calculate the Return On Investment. With our Real Estate Investment Workshop Software, you are able to analyze your project and run the numbers based on multiple scenarios in order to establish the best course of action to affect the highest and best use of your time and earn yourself the best ROI. Our software also provides a glimpse into the benefits of fantastic educational products and opportunities offered by the Lee Arnold System of Real Estate Investing.



## Cogo Capital – Logic Based Rehab Lending

Cogo approaches the rehab project using three levels, Refresh, Repair, or Remodel (The Three R's of Rehabbing). The level used will be based on the extent of the rehab required. The loan program will depend on how the value is ascertained, "As-Is" or "ARV" and which of these values is needed to structure the loan properly. If a borrower is rehabbing or renovating the property with loan funds, a combined "As-Is" and "ARV" appraisal report should be ordered.

Here is the breakdown of what is expected at each level:

### **REFRESH –**

Cosmetic polish, Aesthetics, Non Habitability items, does not need (but can have) a licensed contractor to complete the work.

Usual Work Items – Exterior and Interior Painting, Flooring (carpet, tile, laminate, linoleum), Basic Fixture Upgrades (disconnect/reconnect), Landscaping, Gutters, Fixing Broken Windows, Simple Wall and Ceiling Repairs (patching drywall, replacing sheetrock), Door and Trim, Cabinet/Vanity Replacement, Refinishing, or Fixing

#### **Borrower Responsibilities to Cogo:**

- Bids, estimates, and/or material lists/invoices, including labor costs with the "budget/scope of work/draw schedule" form for all work to be completed.  
**\*To be done before appraisal to assure correct value is given.**
- Photos or video of before condition not supplied by an appraisal.
- Completion of work photos or videos and verified paid invoices for draw releases.
- The budget form submitted and approved with your loan package will be used to determine your draws. We will not release amounts in excess of those amounts listed in the bids; thus you will be responsible for any excess amounts. For example, if your itemized bid listed \$2,000 for kitchen cabinets, but the final cost was \$2,500 we will only release \$2,000 once we receive photos or video. However, if your itemized bid listed \$2,000 for kitchen cabinets, but the final cost was \$500 we will release \$2,000 once we receive photos or video.

### **REPAIR –**

Work usually requires permits and a licensed contractor, subcontractor, or professional.

Usual Work Items - Heating, Ventilation, Air Conditioning, Plumbing Repair/Replacement Including Hot Water Tank, Electrical Repair/Replacement, Roofing, Residing, Insulation, Demo (Removal of Items Requiring a Permit), Decks, Patios, Fireplace/Woodstove, Chimney, Structural Items, Foundation, Mold Remediation.

#### **Borrower Responsibilities to Cogo:**

- "Budget/Scope of Work/Draw Schedule" form with attached bids and estimates from licensed and insured contractors, subcontractors, or trade professional. All bids and

estimates must be thorough and complete. If bids or work are in question, a baseline inspection (**\$325, performed by CIS\*\***) will be required. Construction Inspection Specialists (CIS) is a third party, nationwide inspection service currently utilized by COGO Capital.

**\*To be done before appraisal to assure correct value is given.**

- Copies of licenses and insurances from the contractors, subcontractors, or trade professionals completing the work.
- Photos or video of before condition not supplied by an appraisal.
- Completion of work photos or videos and verified paid invoices for draw releases.
- Copies of permits and/or inspection reports from local jurisdiction.
- The budget form submitted and approved with your loan package will be used to determine your draws. We will not release amounts in excess of those amounts listed in the bids; thus you will be responsible for any excess amounts. For example, if your itemized bid listed \$2,000 for kitchen cabinets, but the final cost was \$2,500 we will only release \$2,000 once we receive photos or video. However, if your itemized bid listed \$2,000 for kitchen cabinets, but the final cost was \$500 we will release \$2,000 once we receive photos or video.

#### **Draw Processing and Contingency Requirements for Refresh & Repair:**

##### **\$0 - \$20,000 Project Budget:**

- 150% Contingency Reserve of Budget Amount
- Draw Fees<sup>\*\*</sup>: \$400
  - 3 draws -
    - 1 Upfront draw included in UW costs for soft costs and materials (20% cap)
    - 1 Progress Inspection
    - 1 Final Inspection

##### **\$20,001 - \$40,000 Project Budget:**

- 130% Contingency Reserve of Budget Amount
- Draw Fees<sup>\*\*</sup>: \$800
  - 5 draws –
    - 1 Upfront draw included in UW costs for soft costs and materials (20% cap)
    - 3 Progress Inspection
    - 1 Final Inspection

##### **\$40,001+ Project Budget:**

- Full remodel draw processing, inspections, contingencies, and rates apply

#### **REMODEL –**

Complete Upgrade/Replacing, Change of floor plan and living space, Building permits required (General and Specialty Items), Certificate of occupancy needed at completion (CO), May need approved plans and/or engineering.

Usual Work Items – Complete Gut and Rebuild, New Additions, New Bathrooms, New Kitchens, Heating System Change, Adding a Garage, New Decks and/or Patios, Fireplace/Woodstove Addition/Removal, Chimney Addition/Removal, Foundation Replacement, Structural Integrity Items, New Plumbing, New Electrical.

## Borrower Responsibilities to Cogo:

- “Budget/Scope of Work/Draw Schedule” form with complete plans, engineering (if applicable), bids, estimates, and draw schedule  
**\*To be done before appraisal to assure correct value is given.**
- Copies of licenses and insurances from the contractors, subcontractors, or trade professionals completing the work.
- Full Construction Inspection Specialists (CIS) services required. This includes initial baseline inspection, bid review, draw request inspections, the process of lien waivers, and monitoring of invoices.
  - **CIS Packages**
    - **Package A:** For loans in which the amount of money being held in escrow for remodeling the subject property is **\$20,000 or less**, CIS will charge a fee\*\* of **\$995**, and shall (i) conduct a baseline inspection of the subject property; (ii) conduct a scope of work verification/cursory bid review related to the rehabilitation work on the subject property to establish whether the line item work listed in the bid is sufficient to satisfy the scope of work; (iii) conduct two (2) progress inspections of the subject property; (iv) process lien waivers received with the request; and (v) monitor invoices received with the request related to the rehabilitation work associated with the subject property; (vi) provide a written inspection report with photos and lien waiver/invoice log with each inspection.
    - **Package B:** For loans in which the amount of money being held in escrow for remodeling the subject property is greater than **\$20,001 and less than \$40,001**, CIS will charge a fee\*\* of **\$1,950**, and shall (i) conduct a baseline inspection of the subject property; (ii) conduct a scope of work verification/cursory bid review related to the rehabilitation work on the subject property to establish whether the line item work listed in the bid is sufficient to satisfy the scope of work; (iii) conduct four (4) progress inspections of the subject property; (iv) process lien waivers received with the request; and (v) monitor invoices received with the request related to the rehabilitation work associated with the subject property; (vi) provide a written inspection report with photos and lien waiver/invoice log with each inspection.
    - **Package C:** For loans in which the amount of money being held in escrow for repairing the subject property is greater **\$40,001 and less than \$200,000**, CIS will charge a fee\*\* of **\$2,775**, and shall (i) conduct a baseline inspection of the subject property; (ii) conduct a scope of work verification/cursory bid review related to the rehabilitation work on the subject property to establish whether the line item work listed in the bid is sufficient to satisfy the scope of work; (iii) conduct six (6) progress inspections of the subject property; (iv) process lien waivers received with the request; and (v) monitor invoices received with the request related to the rehabilitation work associated with the subject property; (vi) provide a written inspection report with photos and lien waiver/invoice log with each inspection.
    - For loans in which the amount of money being held in escrow for remodeling the subject property is **greater than \$200,001** the price and services to be provided will be independently negotiated between Cogo and CIS. CIS agrees to provide a response for a **quote** under this provision within thirty-six (36) hours after receiving such a request.

**Draw Processing and Contingency Requirements for Remodel:**

**\$0 - \$20,000 Project Budget: (\$995)**

- 130% Contingency Reserve of Budget Amount
- Baseline Inspection
- Draw Fees<sup>\*\*</sup>: \$400
  - 3 draws -
    - 1 Upfront draw included in UW costs for soft costs and materials (20% cap)
    - 1 Progress Inspection
    - 1 Final Inspection

**\$20,001 - \$40,000 Project Budget: (\$1950)**

- 120% Contingency Reserve of Budget Amount
- Baseline Inspection
- Draw Fees<sup>\*\*</sup>: \$800
  - 5 draws –
    - 1 Upfront draw included in UW costs for soft costs and materials (20% cap)
    - 3 Progress Inspection
    - 1 Final Inspection

**\$40,001 - \$200,000 Project Budget: (2,775)**

- 115% Contingency Reserve of Budget Amount up to \$100,000 Project Budget
- 110% Contingency Reserve of Budget Amount above \$100,000 Project Budget
- Baseline Inspection
- Draw Fees<sup>\*\*</sup>: \$1200
  - 7 draws –
    - 1 Upfront draw included in UW costs for soft costs and materials (20% cap)
    - 5 Progress Inspection
    - 1 Final Inspection

***\*\*All Fees are subject to review and adjustment as needed.***

## REHAB LOAN SUBMISSION CHECKLIST

Cogo Capital has the ability to fund **rehab loans** based on **As-Is value** or **After Repaired Value (ARV)** quickly; however, the ability to fund transactions quickly is dependent upon the organization of the borrower/property information. In order to speed up the process of funding your Rehab loan transaction, please submit all of the following information with your completed application. For certain transactions additional information may be requested.

### **To Expedite Your Loan Immediately Provide The Following:**

- Cogo Capital Residential Loan Application – Signed & Completed
- Cogo Capital Borrower Resume
- Purchase and Sale Agreement or Proof of Ownership
- Cogo Capital Scope of Work/Budget Form
- Collateral DNA Report
- 3<sup>rd</sup> Party Appraisal (**Your Cogo Capital Loan Officer will coordinate this**)
  - For Purchase “As-Is” and After Repaired Value appraisal required
  - For Refinance After Repaired Value appraisal only

### **After Appraisal is Ordered Submit the Following to Your Loan Officer:**

- Cogo Capital Schedule of Real Estate Owned
- Cogo Capital Zero Tolerance/ Fraud Policy
- Valid Photo ID of Key Principals of Borrowing Entity and All Guarantors
- Verification of Social Security Number for Each Guarantor
- Business Entity Information of Borrowing Entity
  - Articles of Incorporation/Certificate of Formation/Articles of Formation
  - Bylaws or Operating Agreement
  - Federal EIN Verification
- Preliminary Title Report– Lender’s title insurance with Cogo Capital as the lender
- Previous Two months of all bank statements /all pages (must demonstrate 3 mos. of reserves)
- Insurance Company and agent contact information for insurance policy or if project requires permits a Course of Construction policy will be required (Company & agent name, phone, fax, email)
- Current lease agreement(s) for subject property, if applicable
- Payoff letter stating mortgage balance owed and/or real estate tax bills verifying any back taxes owed







## Loan Application

Loan Originator Contact Info	
Loan Officer Name:	
Work Phone:	
Cell Phone:	
Fax:	
Email:	
Broker Information	
Affiliate Name:	
Broker Company:	
Broker Name:	
Broker Phone:	
Broker Email:	

I. Loan Type & Terms					
<b>Loan Type Applied For:</b> <input type="checkbox"/> Residential <input type="checkbox"/> Commercial	<b>Lien Position:</b> <input type="checkbox"/> 1st <input type="checkbox"/> 2 <sup>nd</sup>	<b>Purchase Price:</b> \$	<b>Loan Amount:</b> \$	<b>Interest Rate:</b> %	<b>Term (in months):</b> <input type="checkbox"/> 3 <input type="checkbox"/> 6 <input type="checkbox"/> 9 <input type="checkbox"/> 12 <input type="checkbox"/> 18 <input type="checkbox"/> 24
II. Property Information & Purpose					
<b>Purpose of Loan:</b> <input type="checkbox"/> Purchase <input type="checkbox"/> Purchase w/Cross Collateral <input type="checkbox"/> ARV Refinance <input type="checkbox"/> Refinance <input type="checkbox"/> New Construction <input type="checkbox"/> ARV/Rehab 2 <sup>nd</sup>			<b>Property Will Be:</b> <input type="checkbox"/> Non Owner Occupied Investment HOLD <input type="checkbox"/> Non Owner Occupied Investment FLIP		
<b>Subject Property Address:</b> ( <input type="checkbox"/> multiple properties)		<b>Property Type:</b>		<b>Description:</b> (Commercial Only)	
Street:		<input type="checkbox"/> SFR <input type="checkbox"/> Duplex <input type="checkbox"/> 3-4 Unit			
City:	State:	Zip:	<input type="checkbox"/> Condo <input type="checkbox"/> MFH <input type="checkbox"/> Commercial		
<b>Does Property Generate Income?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Current Appraisal within 90 Days?</b>		<b>If Yes, Value?</b> \$	
<b>If Yes, Gross Monthly Rent?</b> \$		<b>Amount of Existing Liens?</b> \$			
<i>Complete if this is a refinance</i>		<b>Describe Improvements:</b>		<input type="checkbox"/> Made <input type="checkbox"/> To Be Made	
<b>Year Acquired:</b>	<b>Original Cost:</b> \$				
<b>Legal Description:</b>					
The Estate or Interest In: <input type="checkbox"/> Fee Simple <input type="checkbox"/> LeaseHold					
<b>Source of Down Payment, Settlement Charges and/or Subordinate financing:</b>					
III. Borrowing Entity Information					
<b>Entity Name:</b>			<b>Type of Entity:</b> <input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Other		
<b>Street Address:</b>			If other, please describe:		
City:	State:	Zip:	<b>Years in Business:</b>		<b>Fed EIN:</b>
<b>Mailing Address: (if different)</b>			<b>State Registered:</b>		<b>Secretary of State ID:</b>
<b>Street Address:</b>			<b>Bus. Phone:</b>		
City:	State:	Zip:	Repeat Borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Person(s) Eligible to Bind Entity:					
<b>Name:</b>			<b>Title:</b>		
<b>Name:</b>			<b>Title:</b>		
<b>Name:</b>			<b>Title:</b>		
<b>Name:</b>			<b>Title:</b>		

IV. Entity Assets				
Personal Bank Information			Real Estate Owned Totals: (From Schedule of REO)	
Name & Address of Bank #1:			Total Value of Real Estate Owned:	\$
Street Address:				
City:	State:	Zip:	Total Monthly Rents:	\$
Account#:	Average Balance:	\$	Total Monthly Payments:	\$
Name & Address of Bank #2:			Total Monthly Cash Flow:	\$
Street Address:				
City:	State:	Zip:		
Account#:	Average Balance:	\$		
Total Entity Liquid Assets:			\$	
V. Details of Transaction (For internal use only)				
Purchase Price:	\$	Earnest Money:	\$	
Refinance (mortgage liens only):	\$	Borrower's Closing Costs Paid By Seller:	\$	
Estimated Your Company Name Loan Costs:	\$	Subordinate Financing Credit:	\$	
Estimated Third Party Closing Costs:	\$	2nd Mortgage Credit:	\$	
Alterations/Improvements/Repairs:	\$	Estimated Loan Amount:	\$	
Liens/Taxes to be Paid:	\$			
Estimated Total Costs:	\$	Total Credits:	\$	
Total Estimated Cash from/to Borrower (+ From/- To): \$				
VI. Loan Summary Overview & Exit Strategy				
How will funds be used? (Describe in full Detail)				
How do you intend to pay off loan? (Describe in full Detail)				

VII. Personal Guarantor 1 Information			
Guarantor #1 Full Name:		Employer #1 Name & Address: <input type="checkbox"/> Self-Employed	
SSN:	Inner Circle Membership Level	Phone:	
DOB:	<input type="checkbox"/> Diamond <input type="checkbox"/> Platinum	Street Address:	
Phone:	Investor Cash Club Member <input type="checkbox"/> Yes <input type="checkbox"/> No	City:	State: Zip:
Cell:	Email:	Position/Title/Type of Business:	
Present Address:		/	
Street Address:		Gross Monthly Income:	\$
City:	State: Zip:	Employer #2 Name & Address <input type="checkbox"/> Self-Employed	
Mailing Address: (if different)			
Street Address:		Phone:	
City:	State: Zip:	Street Address:	
Education Information		City:	State: Zip:
High School :		Position/Title/Type of Business:	
College :		/	
Degrees Held:		Gross Monthly Income:	\$
Real Estate Course Taken:		All Sources Gross Monthly Income:	\$ 0.00
Professional Designation:		Declarations: If you answer "Yes" to any questions b through f, please explain below	
Years as an Entrepreneur:		a	Are you a repeat borrowing guarantor?
Personal Bank Information		b	Are there any outstanding judgments against you?
Name & Address of Bank #1:		c	Have you been declared bankrupt within the past 7 years?
Street Address:		d	Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?
City:	State: Zip:	e	Are you party to a lawsuit?
Account#:	Average Balance: \$	f	Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (this would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee, if "Yes", provide details, including date, name, and address of lender if any, and reasons for the action.)
Name & Address of Bank #2:		g	Are you a U.S. citizen?
Street Address:		h	If "No", do you have an SS# or ITIN?
City:	State: Zip:	Explanation (If you answer "Yes" to any questions b through f) :	
Account#:	Average Balance: \$		
Stocks/Bonds/Retirement			
Company Name:			
Number/Description:	Value/Vested Interest:		
	\$		
Company Name:			
Number/Description:	Value/Vested Interest:		
	\$		
Company Name:			
Number/Description:	Value/Vested Interest:		
	\$		
VIII. Authorization to Release of Information and Credit Authorization			
<p>I/we hereby authorize Your Company Name to make all inquiries it deems necessary to verify the accuracy of the information provided herein, and to determine my/our credit worthiness. This includes my/our and my company's past and present employment, earnings records bank accounts, stock holdings, insurance information and any other asset balances needed to process my private funding application. I/we also hereby authorize the release of any information necessary for any purpose related to our credit transaction with Your Company Name. The information obtained is only to be used in the processing of my private funding application. This authorization expires 120 days from the date indicated below. I/we further authorize Your Company Name to order a private funding credit report and verify all other credit information, including past and present mortgage and landlord references. It is understood that the photocopy of this document shall also serve as an authorization to provide the information requested and an electronic signature will serve as a legal signature.</p> <p><b>Privacy Act Notice:</b> This information is to be used for the company and its affiliates collecting it or their assignees in determining whether you qualify for a prospective private funding loan under the company's program. Additionally, this information may be used to determine fees, pricing, and other compensating factors associated with your private money funding. It will not be disclosed outside the company and its affiliates except as required and permitted by law. You do not have to provide this information, but if you do not your application for approval as a prospective private funding borrower may be delayed or rejected.</p>			
Signature		<input type="checkbox"/> Please pull this credit report to determine pricing	

## IX. Acknowledgement and Agreement

Each of the undersigned parties specifically represents to Your Company Name the lender, and to each of its actual and potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that” (1) the information provided in this application is true and correct as of the date set forth opposite the signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability to any person who may suffer any loss due to reliance upon any misrepresentation that I have made in this application and/or criminal penalties; (2) the loan requested pursuant to this application (the “Loan”) will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; **(4) the property will be non-owner occupied;** (5) Your Company Name its successors and assigns may retain the original and/or electronic record of this application, whether or not the Loan is approved and/or funded; (6) Your Company Name and the lender, and each of their successors, assigns, servicers, brokers, agents, insurers, and representatives may continuously rely on the information contained in this application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to the closing of the Loan; (7) in the event that my payments on the Loan become delinquent Your Company Name the lender, servicer, or any of the successors or assigns of the aforementioned parties, in addition to any other rights and remedies that it may have related to such delinquency, may report my name and account information to one or more of the consumer credit reporting agencies; (8) neither Your Company Name the lender, nor any of their agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (9) my transmission of this application as an “electronic record” contained my “electronic signature” as those terms are defined in applicable federal and/or state laws, or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Each of the undersigned parties hereby acknowledge and agree that Your Company Name, any owner of the Loan, each of their servicers, successors, and assigns may verify or re-verify any information contained in this application or obtain any information or data relating to the Loan, for legitimate business purpose through any source including a source named in this application or any credit reporting agency.

<b>Guarantor #1</b>	<b>Date</b>
<b>Guarantor #2</b>	<b>Date</b>
<b>Guarantor #3</b>	<b>Date</b>
<b>Guarantor #4</b>	<b>Date</b>



## Guarantor Resume

GUARANTOR NAME(S)	PROFESSIONAL DESIGNATIONS (MLO, CPA, CFO, Realtor, Etc.)
-------------------	--

### BUSINESS HISTORY

DESCRIBE OVERALL OPERATIONS	
OTHER BUSINESS NAMES & LICENSES USED IN THE LAST 10 YEARS (DESCRIBE OPERATIONS)	
TYPES OF VENTURES <input type="checkbox"/> RENTAL PROPERTY <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> REMODELS/REHABS <input type="checkbox"/> OTHER: _____	PREFERRED TYPE OF INVESTMENT (FIX & FLIP, HOLD, RESIDENTIAL, MULTIFAMILY, COMMERCIAL)

### REHAB PROJECTS COMPLETED WITHIN LAST 36 MONTHS

#1. PROPERTY ADDRESS:		
DATE PURCHASED: _____	PURCHASE PRICE: \$ _____	TOTAL REHAB COSTS: \$ _____
DATE SOLD: _____	SALES PRICE: \$ _____	TOTAL PROFIT: \$ _____
		<input type="checkbox"/> HELD FOR RENTAL \$ _____ /MONTH
#2. PROPERTY ADDRESS:		
DATE PURCHASED: _____	PURCHASE PRICE: \$ _____	TOTAL REHAB COSTS: \$ _____
DATE SOLD: _____	SALES PRICE: \$ _____	TOTAL PROFIT: \$ _____
		<input type="checkbox"/> HELD FOR RENTAL \$ _____ /MONTH
#3. PROPERTY ADDRESS:		
DATE PURCHASED: _____	PURCHASE PRICE: \$ _____	TOTAL REHAB COSTS: \$ _____
DATE SOLD: _____	SALES PRICE: \$ _____	TOTAL PROFIT: \$ _____
		<input type="checkbox"/> HELD FOR RENTAL \$ _____ /MONTH

### CURRENT REHAB PROJECTS

#1. PROPERTY ADDRESS:		
DATE PURCHASED: _____	PURCHASE PRICE: \$ _____	TOTAL REHAB COSTS: \$ _____
ANTICIPATED LIST DATE: _____	LIST PRICE: \$ _____	EXPECTED PROFIT: \$ _____
		<input type="checkbox"/> HOLD FOR RENTAL \$ _____ /MONTH
#2. PROPERTY ADDRESS:		
DATE PURCHASED: _____	PURCHASE PRICE: \$ _____	TOTAL REHAB COSTS: \$ _____
ANTICIPATED LIST DATE: _____	LIST PRICE: \$ _____	EXPECTED PROFIT: \$ _____
		<input type="checkbox"/> HOLD FOR RENTAL \$ _____ /MONTH
#3. PROPERTY ADDRESS:		
DATE PURCHASED: _____	PURCHASE PRICE: \$ _____	TOTAL REHAB COSTS: \$ _____
ANTICIPATED LIST DATE: _____	LIST PRICE: \$ _____	EXPECTED PROFIT: \$ _____
		<input type="checkbox"/> HOLD FOR RENTAL \$ _____ /MONTH

The purpose of the Guarantor's Questionnaire is to assist in the vetting process. Information contained herein is specifically relied upon as to the abilities of the guarantor. The undersigned, therefore warrants that the information contained herein is true and accurate to the best of his/her knowledge, information and belief.

### GUARANTOR

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_



## The Borrower/Investor Duties: Rehab Project

The following is a summary of the many deliverables that must be performed by the owner during the successful development of any rehab or development for profit project.

### **DUE DILIGENCE AND SELECTION PHASE**

- Many things must be considered including time requirements, subcontractors, suppliers, material men, and market timing for desired use. If the purpose is to fix and resell for profit it is necessary to time your construction and rehab project to coincide with the top selling months in your particular market. In the northern part of the USA, spring and summer are the top months for selling. In the south, fall and winter are the prime selling months. Knowing when you are selling and to who you are targeting as your end user buyer are paramount to maximizing profitability.
- Selection of the Area - A favorite saying in real estate is "location, location, location". There are other considerations in selecting a site such as market movement, target demographic, price range, year of master development, CC&R's (Covenants, Conditions and Restrictions) of a build site, limiting and dictating what can or cannot be done with the subject property).
- Highest and Best Use Analysis - It is the borrower/investors responsibility to have the property surveyed to identify and determine the allowable use of the property. Considerations that must be made with any rehab for profit situation are Highest and Best use. Is the current use of the property or the current size of the property, maximizing the profitability of what you could do to increase the property's value? Things such as room or bathroom additions, adding a second story on a single family rambler ranch, or finishing the basement are all things that must be considered when planning your entry and exit pricing.
- Selection of Strategic Members - The Borrower/Investor needs not only a competent general contractor, but also professionals for accounting, legal and insurance requirements for the project. Once these consultants are selected, the owner must negotiate contracts with each of them.
- Appointment of an owner's representative for the project – Often times the site of a project is not in close proximity to our Borrower/Investor's home and office. In such instances where the project is in a different city or even state than the Borrower/Investor, the Borrower/Investor will need to appoint a local representative to oversee the overall progress on the project. Although the Borrower/Investor has broad authority during the project, it may be beneficial to appoint someone as his general agent to represent him in all matters relative to the project, including oversight of the General Contractor.

### **SCOPE OF WORK PHASE**

This is the project's cornerstone. The borrower/Investor must clearly state the project objectives, develop a master schedule, and prepare a budget for each item. Included in the scope of work are custom items that require significant lead time. Things like custom doors, bathroom vanities, mirrors, closet inserts and bi-fold or bi-pass doors, kitchen cabinets and counter tops are all things that often require 6 -12 week lead times. Failure to pre-plan these major capital investments/improvements can



severely affect the market timing of your project and costs you significant profit in time delays. Things to consider are; cost of capital, monthly payments, expediting fees or settling for less than desirable finishes to complete the project. One or all of these can materially affect whether or not your investment of time, energy and resources will yield you a profit worth taking the risk for.

Many investors fail to consider these items prior to starting a rehab project and when the smoke settles and the dust clears they realize their time investment yielded them less than minimum wage. It is important to remember that rehabbing property for profit is a business and must be, at all time, and treated like one. This is not a get rich quick scheme; this is a get rich slowly by doing the right things consistently, on time, and on budget.

- **Establish Work to be completed** – The Borrower/Investor needs to establish a Scope of Work which itemizes exactly the level of work that needs to be completed and the cost associated with each line item improvement. The Scope of Work details each individual project that needs to be completed. To do so, the Borrower/Investor needs to identify what permits will be required, what items on the property will need to be de-constructed, torn out, updated, improved, left alone, or reconfigured. Specific items to consider are major capital improvement requirements: New Roof, Cover or Tear Off, New windows, New Siding, Condition of Exterior Landscaping, Electrical and plumbing up to code, Heater/air-conditioner, water heater, appliances.
- **Bidding and Budgeting your Project** – We have the good fortune of living in a capitalist country which allows people peddling the same products and services to undercut and underbid one another. What this means to you the investor/borrower is that nothing is a set price and everything is negotiable. To achieve maximum flexibility in pricing it is important to get at least three bids for every major improvement that the property will require. Any sub-contractor or supplier being brought in to do repair work in excess of \$1,000 should be required to present you with a bid. The bid should include total hours to complete the project, per hour costs associated with labor, cost of materials and mark up as well as a time of completion for each line item on the bid sheet. Once the lowest priced, fastest supplier or contractor is identified their bid sheet line times should be transferred to a construction or sub-contractor agreement that will be provided to you at the end of this hand book. This process is essential to insure that you are not overpaying for labor and supplies and that the contractors will stay on track to the contractual timeline. Time is of the essence to ensure your project will be ready to go to market at the time you have established to maximize profitability.
- **Making decisions on design options** – The key to a successful rehab is being aware and familiar with the design choices and concepts that are currently being used in new construction. It is easy to familiarize yourself with these trends by attending the local home and garden show, or the Parade of Homes that New Home Builders put on every year in your market.

It can also be as easy as spending a Saturday morning in any Home Depot or Lowes wandering around and looking at the construction materials that are being offered for sale. Just because a person is buying a previously used home does not mean they don't desire the latest and greatest design trends. To attract the highest paying buyer you must install the highest quality materials. It is also important to know what your competitors are doing in that particular area. The easiest way to "Spy" on your competition is to have your real estate agent walk you through other listings in the area within 6 blocks of your rehab project. Pay close attention to the flooring choices vinyl, tile,



hardwood etc., the cabinet and counter top choices (Granite, Tile, Solid Surface or Formica), paint color (One tone, two tone, three tone, four), Use of chair rail, crown molding and trim, entry way, lighting package, recessed cans, large chandeliers, bathrooms, new tubs vs refurbished or varnished tubs, carpet choices (style, design, thickness of pad, look and feel). All of these things must be considered when preparing and choosing the refinished items that you will place in your rehab project. The goal here is to have the best finishes, with the lowest overall cost and list your property on the market for several thousand dollars less than your closest competitor. There is no joy in having the highest priced listing on a block watching all of your surrounding competing listings sell out from under you. Over Rehab/Under price/Make a Profit. Time is money, so get in and get out as quickly as you can.

- Creation of a project communications plan - Many individuals are involved in every project. Timely communications among the parties are necessary for a successful project. One of the easiest ways to manage these projects with multiple vendors, suppliers and laborers is through the use of inexpensive technology. A great tool that many investors have found helpful and inexpensive is [www.BaseCamp.com](http://www.BaseCamp.com) for less than \$25 dollars per month you can manage multiple projects and multiple contractors.
- Purchasing the correct insurance policy- The owner must be able to pay for the work and make sure the proper insurance coverage's are in place before rehab begins. The rule to remember here is any project that requires the pulling of construction permits is going to require a unique insurance policy called a "Course of Construction Policy".
- Development of a Project Financing Contingency - As you have probably experienced on any home renovation and repair project everything takes longer than expected and costs more than anticipated. To account for this you will be required to have an over run contingency as part of your rehab loan. This contingency will be determined based on the overall Scope of Work and the bid of the overall construction costs. The simple math is as follows:
  - A. Projects requiring 0 -20,000 in rehab will require a \$10,000 overrun contingency, or 50%.
  - B. Project requiring between \$20,001-\$40,000 in rehab will require \$12,000 in an over contingency, or 30%.
  - C. Project requiring between \$40,000-\$200,000 will require a rehab contingency of 20% of the total amount bid.
  - D. Projects requiring north of \$200,000 will be bid on a per project basis at the time of quoting the loan pricing.

These contingency dollars will be held in a reserve and escrow amount and will be released at the close of construction and a final sign off of completion by "Construction Inspection Specialties" (CIS). More about CIS later in this handbook.

### **ALMOST READY**

- Before work can begin, the contract with the contractor must be executed. In addition, the contractor should provide his bonds and evidence of insurance before being allowed to begin any work on the project site.
- A critical part of the contractor contract is the construction schedule. It is the owner's responsibility to not only review and approve the schedule, but also to monitor the schedule during construction

and to require periodic updates from the contractor. It is imperative that you hold all parties necessary for the completion of this project to the timelines that they had contractually promised. Failure to reprimand them the first time will lead to continual and repeat occurrences of failing to hit the target dates. ***Remember: you train people how to treat you*** and it is extremely important that you reprimand the first time and every time a delay occurs.

- Change Orders and Approval of changes - In order not to slow the progress of the work, the borrower/investor must finalize the scope of work form before construction is allowed to begin. In the event that things about the project change, so must the scope of work and the contractor and even the contract. For each change that you request from the contractor you must provide a change order noting the change, the cost adjustment of such change and the alteration of time and delivery of the change as quickly as possible. Each change must be acknowledged by you the borrower/investor as well as the contractor by signing and dating next to each change in the contract.
- Inspection and approval of the work - The borrower/investor and contractor have complete responsibility to inspect and approve the work as its being completed. It is the borrower/investor responsibility to continuously and comprehensively inspect the work to insure compliance and schedule with the contract documents.
- Project safety – It is the responsibility of the Borrower/investors to insure that the contractor is licensed, bonded and insured and has a safety plan in place at the site and for the site.
- Approval of colors and products - The contractor should always ask the borrower/investors to make final decisions on colors, materials, and other design matters. Quick approval of these colors and design choices is very crucial to keep the project on track to hit the target completion and delivery date.
- Monitoring subcontractors' and suppliers' payments – In order to protect himself and to protect his rights under the contractor's bonds, the owner must have a program that enables him to insure that all subcontractors and suppliers are being paid in a timely manner by the contractor. Prior to the final payment to any subcontractor, supplier, or material men the borrower/investors or contractor must collect from each individual a Lien Waiver stating that the contracted work has been complete and acknowledgement of payment in full is signed for.

This Lien Waiver process is critical to the completion of the project as a new buyer will want to obtain a clean title along with title insurance that must be provided and transferred to the new buyer. Liens from any of these individuals can severely stall the resale of the now completed home and jeopardize the closing, which is where you finally get PAID.

Failure to obtain these lien wavers from each individual contractor, sub-contractor, laborer and supplier could be the difference between a profitable transaction and a money losing situation. It cannot be stressed enough how important it is to collect these at the final payment of each of these line items to each of these individuals. A sample of this lien waver can be found at the back of this hand book and blank lien waver forms will be provided to each borrower/investor who obtains a REHAB loan from Cogo Capital. (You can also find these blank forms at [www.cogocapital.com/forms](http://www.cogocapital.com/forms))

- Resolution of disputes - Differences of opinion will occur from time to time on every project. It is the owner's responsibility, and to his benefit, to resolve them quickly. In the process of resolution it is important that you stick to the previously agreed to terms of the original contract. There is no room for feelings or emotion as it relates to these matters and only items that are relevant and factual need be brought to the surface. If you are wrong, acknowledge that and correct it with an addendum to the previously negotiated construction contract. If the other party is wrong, make sure it is acknowledged in writing as an addendum to the construction agreement.
- Adjustment and administration of property insurance claims - In the event that the project suffers a casualty loss covered by property insurance, sometimes referred to as "builder's risk insurance", it is the owner's responsibility to promptly administer the adjustment of the claim on behalf of all the covered parties.
- Development of an operations and maintenance staff - Upon substantial completion of the project, the contractor will turn over to the owner the responsibility for operating and maintaining the property. You will need to make sure you have someone monitoring the exterior of the property, watering and mowing the lawn, maintaining the landscaping to ensure the property shows well as interested buyers come to do a walk through. The borrower/investors will need to have identified who will be responsible for these, post rehab/construction duties.
- Coordination of separate contractors - Sometimes the borrower/investor decides to have more than one prime contractor involved in the project. Specialty contractors are a good example, such as kitchen equipment contractors, roofers, sheet rockers, concrete contractors, etc etc. It is the borrower/investors responsibility - not the contractor's - to coordinate the various prime contractors to the site and on the site. Borrower/Investor will also oversee and maintain the signing of additional contracts and any additional Lien waivers from each of these additional service providers.
- If these contractors are part of the main contract, the general contractor will coordinate these contractors.
- Conduct project meetings - A system of periodic management meetings needs to be established at both the staff and executive levels. Agendas and minutes need to be prepared by the borrower/investor for these meetings, if they are to have value.
- Acceptance of the work. Once the work is completed, only the borrower/investors has the authority to accept it from the contractor.

### **POST CONSTRUCTION PHASE**

- Creation of "as built" records - The availability of a complete "as built" set of plans will be invaluable in the future for remodeling, additions, and repairs. They are also beneficial if the building is sold to another owner.
- Administration of the warranty program - Someone needs to oversee the warranty program after the building is finished.

- Determination that everyone was paid - In order to keep the property free of liens after completion of the construction phase, the owner must insure himself that the contractor has been paid in full and has provided final lien releases.
- Facility operations and maintenance - In order to protect the investment made in the building, the owner must have a comprehensive operations and maintenance program.

Keeping detailed records of the bullet points above are strongly recommended and expected. Post construction records such as these can be a valuable resource in demonstrating justification for increased value when working with new lenders.

It is plain from the above list that the owner has a significant number of varied responsibilities in the development of a building construction program. He cannot simply hire a designer and a contractor and walk away expecting them to take care of the project on their own. The owner's failure to discharge his construction responsibilities can have major consequences.

In conclusion, the performance of the owner during a construction project has as much effect on the success of the project as the performance of the designer and contractor. Unfortunately, many owners do not understand their responsibilities and suffer the ultimate consequences. Owners who properly address their construction duties will enjoy the benefits of a successful project upon completion.

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This article was adapted from Southeast Real Estate Business. The original article was written by John A. Jones, P.E., President and CEO of Dart Engineering, LLC and edited for use in this document.

## Contractor Vetting Procedures

### Considerations when Contracting with General Building Contractors

1. Require that the contractor provide evidence of having performed work on similar projects with like scopes of work.
2. Require copies of all local business licensing being required and evidence of their meeting state contracting license requirements.
3. Ask if they have any letters of references for past projects available.
4. Require evidence detailing their insurance capabilities for general liability, vehicles, property, general umbrella, workers compensation, or errors and omissions, if applicable.
5. What percentage of the work do they normally perform themselves?
6. List all suppliers with which they currently have trade credit with and the amounts available to them.
7. List subcontractors with which they have had working relationships for the past five years.
8. List bonding companies that they have worked with before or that they are currently registered with or under bond with.
9. Ask if they would provide resumes of all principals within the organization and name the industry associations or organizations that they are current members of.
10. Have a percentage detail provided of the types of construction they have primarily been involved with over the past 5 year. Commercial, Residential, Institutional, Religious ...
11. Provide a list of any and all legal actions, and the nature of them, that their firm has been involved with over the past five years.
12. Ask to be provided with the names of two subcontractors that can be contacted for reference purposes.
13. Request to see a sample of a project schedule they have developed and used in the Past.



## Contractor Questionnaire



## Contractor/Builder Questionnaire

BUSINESS NAME		BUSINESS TYPE: <input type="checkbox"/> CORPORATION <input type="checkbox"/> LLC <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> SOLE PROPRIETOR <input type="checkbox"/> OTHER:	
STREET ADDRESS		BUSINESS ID #	CONTRACTOR'S LICENSE #
CITY/STATE/ZIP		EXPIRATION DATE	LICENSED STATES
PHONE	EMAIL	YRS IN BUSINESS UNDER NAME	

### OWNERS

NAME	TITLE	OWNERSHIP %
NAME	TITLE	OWNERSHIP %
NAME	TITLE	OWNERSHIP %
NAME	TITLE	OWNERSHIP %

### BUSINESS HISTORY

YEARS IN BUSINESS	TYPES OF VENTURES <input type="checkbox"/> SPEC <input type="checkbox"/> CUSTOM <input type="checkbox"/> PUD <input type="checkbox"/> DEVELOPMENT <input type="checkbox"/> REMODELS <input type="checkbox"/> OTHER:
DESCRIBE OVERALL OPERATIONS	
LIST EDUCATION / EXPERIENCE	
OTHER BUSINESS NAMES & LICENSES USED IN THE LAST 10 YEARS (DESCRIBE OPERATIONS)	

### GENERAL INFORMATION

NAME OF CURRENT INSURANCE CARRIER FOR: GENERAL LIABILITY _____		
WORKER'S COMP _____	VEHICLES _____	PROPERTY/UMBRELLA _____
PERCENTAGE OF CURRENT OPERATIONS:		
GENERAL CONTRACTOR _____ %	SUBCONTRACTOR _____ %	CONSTRUCTION MANAGER _____ %
DO YOU USE SUBCONTRACTORS? <input type="checkbox"/> YES <input type="checkbox"/> NO If yes, complete the following:		

INDICATE THE % OF CONSTRUCTION WORK PERFORMED BY YOU: (MUST TOTAL 100%)

**RESIDENTIAL** \_\_\_\_\_ %      **COMMERCIAL** \_\_\_\_\_ %

BREAK DOWN EACH OF THE ABOVE PERCENTAGES BY: (THE SUM OF THE 3 PERCENTAGES IN EACH SHOULD EQUAL THE AMOUNT ABOVE.)

New Construction	_____ %	New Construction	_____ %
Remodeling/Repair	_____ %	Remodeling/Repair	_____ %
Other	_____ %	Other	_____ %

### # OF PROJECTS COMPLETED

PREVIOUS YEAR      2-5 YEARS AGO

\$50,000-\$74,000	\$50,000-\$74,000
\$75,000-\$99,000	\$75,000-\$99,000
\$100,000-\$124,000	\$100,000-\$124,000
\$125,000-\$174,000	\$125,000-\$174,000
\$175,000-\$249,000	\$175,000-\$249,000
\$250,000 AND OVER	\$250,000 AND OVER
<b>TOTAL FROM ABOVE</b>	<b>TOTAL FROM ABOVE</b>

### SALES OR PROJECTS COMPLETED

WITHIN PAST 24 MONTHS

DATE SOLD/ DATE COMPLETED	SALES PRICE/ CONTRACT PRICE	TYPE <input type="checkbox"/> CUSTOM <input type="checkbox"/> SPEC <input type="checkbox"/> REMODEL <input type="checkbox"/> OTHER
ADDRESS		
DATE SOLD/ DATE COMPLETED	SALES PRICE/ CONTRACT PRICE	TYPE <input type="checkbox"/> CUSTOM <input type="checkbox"/> SPEC <input type="checkbox"/> REMODEL <input type="checkbox"/> OTHER
ADDRESS		
DATE SOLD/ DATE COMPLETED	SALES PRICE/ CONTRACT PRICE	TYPE <input type="checkbox"/> CUSTOM <input type="checkbox"/> SPEC <input type="checkbox"/> REMODEL <input type="checkbox"/> OTHER
ADDRESS		
DATE SOLD/ DATE COMPLETED	SALES PRICE/ CONTRACT PRICE	TYPE <input type="checkbox"/> CUSTOM <input type="checkbox"/> SPEC <input type="checkbox"/> REMODEL <input type="checkbox"/> OTHER
ADDRESS		

### CUSTOMER REFERENCES (LIST INDIVIDUALS MAY BE CONTACTED - CUSTOM/REMODEL JOBS COMPLETED)

NAME	ADDRESS	PHONE
NAME	ADDRESS	PHONE
NAME	ADDRESS	PHONE

### CURRENT PROJECTS

LIST CURRENT PROJECTS CURRENTLY UNDERWAY THAT ARE SIMILAR IN SCOPE, INCLUDING VALUES & REFERENCES:




**CREDIT REFERENCES**

**MAJOR SUBCONTRACTORS**

EXCAVATING	PHONE	FAX
FOUNDATION	PHONE	FAX
FRAMING	PHONE	FAX
ELECTRICAL	PHONE	FAX
PLUMBING	PHONE	FAX
HEATING	PHONE	FAX
DRYWALL	PHONE	FAX
OTHER	PHONE	FAX

**MAJOR SUPPLIERS**

CONCRETE	DATE OPENED	HIGHEST BALANCE \$	PHONE
LUMBER/TRUSSES	DATE OPENED	HIGHEST BALANCE \$	PHONE
PLUMBING	DATE OPENED	HIGHEST BALANCE \$	PHONE
WINDOWS	DATE OPENED	HIGHEST BALANCE \$	PHONE
SIDING	DATE OPENED	HIGHEST BALANCE \$	PHONE
CABINETS	DATE OPENED	HIGHEST BALANCE \$	PHONE
FLOORING	DATE OPENED	HIGHEST BALANCE \$	PHONE
OTHER	DATE OPENED	HIGHEST BALANCE \$	PHONE

**INSTITUTIONAL LENDERS/NON-CUSTOM LOANS**

LENDER	CONTACT PERSON
LOAN NUMBER	PHONE
LENDER	CONTACT PERSON
LOAN NUMBER	PHONE

**OTHER BUSINESSES OWNED/OPERATIONS OF ALL OWNERS**

BUSINESS NAME	% OF OWNERSHIP	CONTACT PERSON	PHONE
BUSINESS NAME	% OF OWNERSHIP	CONTACT PERSON	PHONE
BUSINESS NAME	% OF OWNERSHIP	CONTACT PERSON	PHONE
BUSINESS NAME	% OF OWNERSHIP	CONTACT PERSON	PHONE

**DECLARATIONS**

A. Have there been any loses, claims or suits against you in the past five years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
B. Are there any claims or legal actions pending against any of the entities?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
C. Do any of the entities named in the application have knowledge of any pre-existing act, omission, event, condition or damages to any person or property that may potentially give rise to any future claim or legal action against them?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
D. Have you been accused of faulty construction in the past 5 years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
E. Have you been accused of breaching a contract in the past 5 years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
F. Have you ever filed any Mechanic Liens in the past 5 years?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
G. Have any of your projects in the past five years had a lien placed against it?	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Please provide a resume of principal or firm owner.

Please provide a copy of a recent project schedule that you developed for a project.

**WARRANTY:** *The purpose of the Contractor’s Questionnaire is to assist in the vetting process. Information contained herein is specifically relied upon in determination of the preferred general contractor. The undersigned, therefore warrants that the information contained herein (consisting of four pages) is true and accurate to the best of his knowledge, information and belief.*

**CONTRACTOR**

SIGNATURE OF APPLICANT: *	DATE
Name & Title:	

\*Must be owner, executive officer or partner of the company.

## Top 10 Most Important Clauses of a Construction Contract

How to Reduce the Likelihood of Disputes During and After the Project

CONSTRUCTION projects are extremely complex undertakings and are usually governed by highly detailed contracts. While any one of hundreds of clauses in a large contract can be crucial, certain issues are important on almost every job.

This paper addresses what the authors consider to be the ten most important clauses in a typical construction contract. We believe that focusing on these clauses prior to commencing a construction project will reduce the likelihood of disputes during and after the work. For each clause, we spell out the issue and its importance to the project, then set out the most common approaches used by owners, contactors, and designers. We often make reference to the standard form contracts promulgated by the American Institute of Architects ("AIA"), since those are a comprehensive and widely-used standard in the building industry.

A sample copy of "AIA Document A107 - Standard Form of Agreement Between Owner and Contractor" is available at: <http://www.aia.org/aiaucmp/groups/aia/documents/pdf/aiab093935.pdf>. Other AIA documents are available at the American Institute of Architects web site: <http://www.aia.org/contractdocs/>.

### ***I. Payment***

One of the most sensitive areas for all parties involved in a construction project is the payment process. While all parties bear a significant risk in this area, it is important to understand each parties' unique concerns. Owners, as well as their lenders, are concerned about overpaying the general contractor before the work is completed and failing to hold back adequate retainage as security. On the other hand, general contractors and subcontractors are concerned about prompt payment. Any delay in the cash flow can essentially force the general contractors or subcontractors to finance the project, which may ultimately result in the contractors' insolvency. Neither the owners, nor the contractors, of course, desire this result. Accordingly, the terms of payment clauses should be designed to balance the parties' concerns.

#### **A. What Documents Must be Submitted for Payment?**

The AIA form contracts require progress payments for projects of any considerable size. The contractor initiates the process by submitting an "Application for Payment" to the architect on a monthly basis. The Application must be itemized and "shall be notarized, if required, and supported by such data substantiating the Contractor's right to payment as the Owner or Architect may require . . . ."

Typically, owners will require supporting back-up documents such as lien waivers, certified payrolls (for public sector work), schedule updates, and test results on work performed to date. Lien waivers are of particular importance as they protect the owner and lender, if applicable. Indeed, if a lender is involved, it will most likely require lien waivers before any distribution is made under a construction loan. Because lien laws can differ between states, owners and lenders should examine the lien laws of the state in which the project is located before specifying the requirements.

Before the contractor submits the first Application for Payment, however, the contractor must submit a "Schedule of Values," subject to the architect's approval. The Schedule allocates portions of the contract price to designated portions of the work. After receiving the Applications for Payment, the architect will use this Schedule to scrutinize the Applications, which is then used as a check and balance system to

prevent front-end loading by the contractor. An owner, in essence, does not want to overpay for work completed. Otherwise, the contractor would have little incentive to complete the project. It is crucial, therefore, to have a balanced schedule of values to keep cash flow fairly distributed through the end of the project.

#### B. How Quickly Will the Contractor Get Paid?

The parties are left to set their own deadlines for the payment process. Section 5.1.3 of A101 states that an owner will make payment "not later than the \_\_\_\_\_ day of the month." Such payment is conditioned on the architect receiving the Application for Payment "not later than the \_\_\_\_\_ day of the month." Alternatively, if the contractor submits a late Application, the owner will pay the contractor "not later than \_\_\_\_\_ days after the Architect receives the Application . . ."

Parties should always specify the deadlines in the payment process by filling in the blanks. If they do not, disputes are certain to ensue as to the payment schedule. The parties may be left with the uncertain reasonableness standard. With respect to the AIA form contracts, Section 9.3.1 of A201 creates a residual standard in the event A101 payment deadlines are left blank. Nevertheless, the parties should always specify the deadlines for the payment process. One must keep in mind, however, that the deadlines should differ depending on the owner's financing source. If the money is in the owner's hands, then the payment process can be faster. On the other hand, if the owner must draw from a construction loan, the owner will need additional time.

#### C. Retainage

Under most contracts, the owner retains a specified percentage from progress payments until the end of the project which protects the owner in the event of a contractor breach or subcontractor liens. In addition, retainage provides an excellent incentive for the contractor to finish the project.

The typical retainage amount ranges from five to ten percent. Because contractors or subcontractors do not typically obtain the retainage until the end of the project, this process essentially forces them to finance part of the project. Several states have sought to limit such inequities by imposing limitations on the amount of retainage, both on public and private projects. Some contracts reduce or eliminate retainage as a certain portion of the work is completed. For example, if fifty percent of the work has been completed to the owner's satisfaction, the retainage can be reduced or eliminated completely. The goal is ultimately to balance the interests of the contractors and owners. Other contracts exempt certain parts of the billing from retainage, such as a construction manager's fee or general conditions billings.

#### D. What Third-Party Roles May Impact The Payment Process?

To further complicate the payment process, one must address third-party roles, specifically, the roles of architects and lenders. The architect's role may have a significant impact on the payment process. The architect must have time to scrutinize an Application for Payment before it can be paid. The Architect must, within seven days "after receipt of the contractor's Application for Payment, either issue to the Owner a Certificate of Payment . . ." or give notice of the reasons why certification is being withheld.

Thus, before considering any payment deadlines, the parties should consult with the architects, or others responsible for the review process, to ensure that they have adequate time to perform their duties. Architects are not always responsible for the review process; at times, owners may decide to remove the architect from the process to save costs or use a different advisor. The AIA form contracts emphasize the architect's role.

The lender's role will also likely impact the payment process. Most lenders require that contractors and subcontractors provide lien waivers before any amounts are released for progress payments. Lenders

may also independently verify the work on the project to ensure that the amount of the progress payment is proper. In light of these examples, owners should consult with their lenders to determine what particular requirements they may have with respect to the payment process.

#### E. What Right To Interest On Late Payment?

Section 7.2 of A101 provides parties with the option of determining the interest rate amount for late payments. A fair method is to use an interest rate that the owner is being charged on the construction loan for the project. By doing so, the owner would be discouraged from using the contractor as a financing source. An interest rate that is very high may at a glance seem favorable to the contractor.

Nevertheless, state usury laws and truth-in-lending acts may impact the validity of such rates. The parties, therefore, should always consider these factors before determining the interest rate.

If the parties leave the rate blank, Section 7.2 provides for a default rate. That rate is the legal rate prevailing at the place where the project is located. Typically, this rate in most states is the same as the rate for unpaid court judgments, which can range from five to ten percent.

#### F. What Provisions For Billing Disputed Work?

It should come as no surprise that contractors and owners often disagree over certain work. For instance, additional work may be needed, but the parties cannot agree as to the price for a change order. To avoid delaying the project, the owner and architect may issue a construction change directive ("CCD") that orders the contractor to carry out the work, with the amount to be determined at a later time by a specific formula. Section 9.3.1.1 of A201 allows the contractor to bill for this work up to the amount agreed by the owner which treats both parties fairly.

## ***II. Pay-When-Paid Clauses***

Most of the clauses discussed so far involve the relationship between the owner and general contractor. Equally as important is the relationship between the general contractors and subcontractors. This section examines an often-litigated issue concerning whether the general contractor's obligation to pay the subcontractor is conditioned on payment from the owner.

As a threshold matter, one must consider the parties' viewpoints. General contractors agree that subcontractors should be paid if nonpayment by the owner is the general contractor's fault.

Subcontractors agree that they should not be paid if payment by the owner is delayed due to the subcontractor's failure to perform work or process the required paperwork.

The dispute arises in circumstances under which the nonpayment by the owner is unexcused or another subcontractor has breached. General contractors believe that they should not have to pay until they are paid and that any loss should be shared equally. Subcontractors, in response, note that the general contractors are in the best position to evaluate the owner's financial position. Indeed, subcontractors explain that most form contracts, including the A201, give general contractors the right to request financial information from the owner.<sup>10</sup> Accordingly, subcontractors believe that they are not on equal footing with the general contractor's.

Payment clauses that seek to allocate these risks technically fall into either one of the following categories: (1) pay-when-paid or (2) paid-if-paid. Pay-when-paid clauses allow reasonable delay before the general contractor must pay the subcontractor. On the other hand, under pay-if-paid clauses, the general contractor's obligation does not arise until the owner has paid the general contractor. That is, payment from the owner is a condition precedent. Courts will not view a clause as creating the latter category, unless it explicitly states that payment is a condition precedent.

While the general contractor and subcontractor may vigorously debate which clause to use, the AIA has chosen a middle ground, thereby keeping out of the dispute while protecting the owner's interest:

The Contractor shall promptly pay each Subcontractor, upon receipt of payment from the Owner, out of the amount paid to the Contractor on account of such Subcontractor's portion of the Work, the amount to which said Subcontractor is entitled, reflecting percentages actually retained from payments to the

Contractor on account of such Subcontractor's portion of the Work. The Contractor shall, by appropriate agreement with each Subcontractor, require each Subcontractor to make payments to Sub-subcontractors in a similar manner.

This clause is deliberately vague and states only what the prime contractor shall do if it is paid. The clause does not, however, state that the prime contractor must pay subcontractors only if it is paid. This language may be interpreted as not being specific enough to create a payment condition.

Some states have enacted prompt payment statutes for both public and private projects. Such statutes specify that, after receiving payment, the contractor must pay the subcontractor in a specified time.

### ***III. Project Delivery Systems and Contractor's Design Responsibilities***

In their simplest form, construction projects are designed by an architect or engineer, then built by a contractor who simply follows the plans and specifications. This is an over-simplification, however, since almost every project involves details of construction that are not spelled out in the plans. Most contractors are skilled enough to know how the details should be completed and how to supply the best solution to small problems in the field. The situation is complicated further with respect to certain types of work that are routinely designed by subcontractors specialized in that field. Sprinkler systems and stairwells are two areas in particular that are usually designed by specialty subcontractors rather than the owner's architect.

This dichotomy between design and construction has several important legal implications. First, the contractor is generally responsible for following the plans and specifications. The contractor is liable to correct any "non-conforming" work and for any harm caused to the owner and others due to work that does not conform to the plans and specifications.

Second and conversely, the contractor is generally not liable for problems caused by the design. Thus, if the owner finds that the design does not serve the owner's purposes, the contractor will bear no liability for that. Similarly, if the design is found to be defective (e.g., because it cannot be built, or is contrary to building codes), the contractor not only bears no responsibility, but will also be entitled to extra compensation for any losses it incurs because of the design problem.

Some owners seek to shift this allocation of responsibility back to the contractor by imposing a duty on the contractor to review the design and discover any design errors before starting work. Contractors resist this shift, arguing that architects have more time and skill in preparing design and it is unfair to shift that burden to a contractor who has limited time to review and understand the design.

#### **A. Construction Management and Design/Build Projects**

In recent years, owners have employed new methods of contracting for design and construction, in part to deal with the tension between the two processes. These are considered alternative "project delivery systems" in that they are alternatives to the traditional approach of (1) design, (2) bid, and (3) build. One such alternative approach is "construction management," by which owners retain a contractor in a management capacity to review the plans and specifications as the design process is underway, thus providing the construction manager the luxury of more time to review the design, while providing input at an earlier stage when changes can be made more easily.



Another quite different approach is one that combines design and construction responsibilities in a single party. This project delivery system is entitled design/build. It enables the owner to have a single point of responsibility, and thereby avoid the possibility of contractor claims of design defects. At the same time, it entails some surrender of control, since the owner will not have the same checks and balances between an unaffiliated architect and builder.

## B. Shop Drawing Review

On major projects, contractors are required to provide drawings showing how they plan to supply the details of the design that are not specified in the contract drawings. These details are shown on "shop drawings," prepared by each subcontractor, showing how that subcontractor will handle its part of the work. Usually the shop drawings are submitted through the general contractor to the owner and architect for review to assure that they are consistent with the overall design.

Major disputes can arise from the shop drawing process. Architects try to avoid legal responsibility for the sufficiency of the detail in the shop drawings by reviewing them only for general conformity with the project design, while disclaiming any assurance that they are proper. Subcontractors and contractors, meanwhile, argue that review and acceptance of a shop drawing gives the drawing the same legal effect as the contract drawings, such that they can be relied on by the contractor and may be the basis of a legal claim if they prove to be incorrect or defective.

Disputes also arise from the speed of shop drawing review. Time is important and costly on a construction project. Subcontractors cannot start their work until their shop drawings have been approved. If the architect (or others in the submittal chain) takes too long to review them or requires unnecessary revisions, the subcontractor may be delayed and may thereby cause delays to the overall job. Some contracts set turn-around times for shop drawing review, though these time periods are difficult to apply since some drawings are easier to review than others, and the architect's ability to review and return them will depend on how many drawings are being submitted at one time.

## **IV. Differing Site Conditions**

Contractors are forced to make assumptions about the difficulty of the project when they price the work. One of the hardest areas of costs to estimate in advance is that which is not visible. It is not uncommon for a contractor to encounter a physical condition, usually subsurface, that was not anticipated by the parties at the time of contracting. Underground rock, water, or objects, such as unused tanks or buried structures, add to the cost of completing the construction project. These cost increases are often significant, and as a result, unanticipated physical site conditions, or "differing site conditions," provide the grounds for many construction claims. Depending on the contract and the facts, the results can go both ways. In some cases, the owner is ordered to pay the contractor for any cost increases caused by the differing site condition. In other cases, the contractor is forced to bear the increased costs on its own. It is imperative, therefore, for both owners and contractors to undertake certain precautions and employ certain strategies to minimize the risk that a differing site condition will be encountered during the course of a project.

### A. Types of Differing Site Conditions

Two major types of differing site conditions exist: Type I Claims and Type II Claims.

#### 1. Type I Claims

A Type I differing site condition exists when subsurface or latent (non-obvious) physical conditions at the site differ materially from those indicated in the contract. Common examples of a Type I differing site conditions include the presence of underground rock where the contract indicates otherwise. Other examples include the presence of abandoned utility lines or situations where contract documents incorrectly identify the type rock thus leading to increased drilling costs.

In order for a contractor to recover the increased costs associated with the unanticipated site condition from the owner, the contractor must be able to prove several things. First, the contractor must show that the contract indicates the subsurface conditions that form the basis of the contractor's claim. Second, the contractor must demonstrate that it relied on such indications and that the contractor's interpretation of the contract and such indications is reasonable. Third, the conditions encountered by the contractor must be "materially" or "substantially" different from those conditions indicated in the contract and that such conditions were "reasonably unforeseeable." Finally, the contractor must show that the damages claimed are directly attributable to the unforeseen conditions.

## 2. Type II Claims

Even where a contract fails to indicate subsurface or latent conditions, a contractor may nevertheless be entitled to an equitable adjustment for encountering a differing site condition. Under a Type II claim, a contractor may obtain an adjustment if it encounters conditions that differ from those usually found on similar projects. Unlike a Type I claim, however, a Type II claim is not concerned with representations made in the contract. Indeed, in order for the contractor to recover, the contract must be silent on the subsurface or latent conditions that form the basis of the contractor's claims.

The absence of contract language makes the contractor's burden of proof significantly more difficult than that of a Type I claim. Recovery on a Type II claim requires both a subjective and objective inquiry. The contractor must first establish what type of conditions would normally be encountered on a similar project. The contractor must then show what conditions were actually encountered and prove that such conditions differed "materially" or "substantially" from the physical conditions that would ordinarily be encountered at a similar project. Finally, the contractor must show that the conditions caused an increase in the cost of performance.

## B. Standard Contract Clauses

Generally, there is no implied right to additional compensation for encountering a change or unforeseen condition as part of the contract unless an actual contract clause so indicates. In the absence of such a clause, the contractor will have a much more difficult time proving its claim. Failure to include a clause in the contract will also alter the degree of the parties' responsibility, as well as the method and manner of enforcement. For these reasons, construction contracts typically include clauses governing differing site conditions. It is incumbent upon the contracting parties to carefully review the relevant contract clauses to determine which party, owner, or contractor bears the risk for the differing site condition.

Most changed condition clauses used today shift the risk to the owner. In the private sector, for example, AIA Document A201 is commonly used to define the parties' responsibilities with respect to differing site conditions. Section 4.3.4 of A201 defines the types of differing site conditions (Type I and Type II), while 4.3.6 provides the remedy for the contractor who encounters such a condition. Specifically, Section 4.3.6 permits a contractor who encounters a Type I or Type II concealed condition to obtain an equitable adjustment to the contract price in an amount equal to the cost of performance.

In addition to Form A201, state and federal jobs routinely include differing site condition clauses in their contract documents. Like the AIA Document A201, the standard federal contract clause defines the types of differing site conditions (Type I and Type II) and similarly provides for an equitable adjustment to the contract price in an amount equal to the cost of performance. Unlike the A201, the standard federal contract clause requires the contractor to notify the contracting officer, who will in turn investigate the encountered condition and determine whether the condition differs "materially" and whether the condition actually caused the contractor to incur additional costs.



## C. Exculpatory Clauses

In addition to standard contract clauses governing differing site conditions, a typical contract may also include clauses that absolve a party from liability for a changed condition. In the interest of brevity, we will only touch on the most common of these clauses.

### 1. Pre-Bid Inspection

Most contracts today include a clause requiring the contractor to examine the site before bidding the project. This type of clause is typically included in the contract to shift some of the risk back from the owner to the contractor. A pre-bid inspection clause usually requires that any condition that should be seen by the contractor during such a pre-bid inspection will be deemed disclosed to that contractor. It is important for the contractor to be aware of such a clause and to take care in inspecting the project site.

### 2. Duty to Discover Obvious Errors

It is also common for a contract to include a clause requiring the contractor to examine the contract documents and to discover any patent (obvious) errors. Such a clause may also require the contractor to discover conflicting provisions or ambiguities and notify the owner so that the owner can clarify such ambiguities by addendum before bids are opened. Like the pre-bid inspection clause, a "duty to discover patent errors" clause shifts some of the risk from the owner to the contractor. In reality, such clauses are most effective when the contractor's bid documents show that the contractor was actually aware of the error.

### 3. No Damages For Delay

It is worth addressing the impact of a "no damages for delay" clause on a contractor's right to an equitable adjustment for encountering a differing site condition. The presence of a "no damages for delay" clause can have a substantial effect on a Type I or Type II differing site condition claim if the only impact of the changed condition was that the contractor's work was delayed. In such a case, the contractor may only be entitled to additional time to complete the work, but the contract will not allow for an equitable adjustment.

## D. Owner and Contractor Strategies

The key to understanding the impact of differing site condition clauses is to understand risks imposed on the parties by such clauses. Even if the risk seems to weigh heavily on one party, that party can undertake certain strategies to minimize the risk. For owners, it is important to disclose everything and give the contractor access to all prior drawings. Owners should also use standard contract clauses, as any ambiguities will be construed against the drafter. Owners should pay attention to bidders' questions and disclose any information in the owner's possession. Finally, owners should respond promptly to any notice by the contractor of a differing site condition.

Contractors should similarly undertake strategies to minimize the risks that they will be forced to bear with respect to the costs of encountering a changed site condition. Contractors should ask for, and pay careful attention to, existing drawings. Contractors should also always attend the site inspection and ask questions at the pre-bid meetings. It is also important for the contractor to keep careful cost records, and, where possible, keep joint cost records with the owner. Finally, contractors should give prompt notice of any differing site condition encountered on the project.

## ***V. Dispute Clauses***

Procedures to resolve claims and disputes are necessary components to all construction contracts. Diverse parties, shifting relationships, and high levels of risk inevitably result in disputes. Thus, it is imperative to create an appropriate roadmap by which the parties can resolve their differences. This process must be able to work both during construction and after substantial completion.

#### A. Threshold Question: What Type of Dispute Procedure is Best for the Project?

Most form construction contracts employ a process by which claims and disputes are first heard and decided by the design professional. If necessary, they proceed next to mediation and conclude in arbitration. In most cases, this three-tiered approach is the best process, but that is not always so. Thus, the most fundamental (but oft overlooked) question is what type of dispute resolution process is best for the project.

To answer this question, one should consider a number of factors: project size, project complexity, number of parties to the project, complexity of contractual relationships, risk distribution, owner status, and length of construction. After balancing such factors, it may be clear that the three tiered approach is inefficient or that litigating disputes in court may be more appropriate than arbitration. For years, many assumed that arbitration was faster and cheaper than litigation, but it is not always the case. Arbitration may ensure, however, that disputes that are technical in nature are heard by those trained in such technicalities.

Unless parties agree contractually or unless it is allowed under the governing arbitration rules, joinder of parties or multiparty arbitration is precluded in many jurisdictions. Yet those jurisdictions will often allow consolidated litigation. Thus, if the nature of the project will likely involve disputes between more than one party, it is important to consider whether parties would prefer dispute process that allows joinder or consolidation of claims.

Discovery in arbitration is limited. Many jurisdictions prohibit discovery in arbitration from a non-party. Many practitioners fail to realize that if their client is not a party to arbitration, they are not required to produce documents or deponents for discovery. The subpoena power of practitioners or panels is usually limited to requiring the production of documents or witnesses to a hearing. If it is highly probable that the resolution of a dispute will depend upon obtaining discovery from parties with whom one is not in privity, practitioners may prefer to consider a forum with liberal discovery rules.

#### B. Standard Clauses

Most form contracts use the standard three-tiered dispute resolution process, as embodied in the 1997 edition of most AIA documents. This elemental structure has proven effective over decades, and it is wise to use when drafting a non-form contract and prudent to maintain when using a form contract. On smaller jobs, all tiers may not be necessary, as the multiple layers would not be efficient. On large jobs, one should reflect more on the overall dispute procedure process as suggested above in subsection A. The effectiveness of this three-tiered system, or any process, depends upon the provisions supporting it. Necessary provisions include the following six elements:

1. Parties must put all claims in writing, and claims should be addressed to a previously designated individual. Written claims create a record. They also add gravitas to the situation, requiring parties to focus immediate attention on the problem. They force the claimant to perform some cursory *due diligence* prior to making a claim, and they are an effective way to communicate issues.
2. Parties must make claims within a finite time from discovery. The industry standard requires that claims are made within twenty-one days. A finite time period has many benefits including that it brings to light claims or potential claims so they may be addressed before further consequential harm is realized. It also forces parties who wish to mitigate damages to begin sooner rather than later.
3. Parties must continue performing other obligations, notwithstanding claims. Design professionals must continue to administer the contract; contractors must continue to prosecute the work; and owners must continue to pay undisputed amounts.
4. Parties must commence mediation within a finite period of time from when the claim is submitted to the design professional or when the design professional renders a decision.

5. Parties must file arbitration demands within a finite period of time from the same benchmark.
6. Parties must designate an applicable set of rules (or jurisdiction) as well as the location for both mediation and arbitration.

## C. Customized Clauses

Though most form contracts create an adequate structure to resolve claims, they often lack a number of important details which results in unnecessary and wasteful disagreements over procedure at a time when energies should be focused on discussing merits. Practitioners should agree on such details during the contract drafting stage.

Most of these omissions pertain to the arbitration provisions. For instance, unless the contract states otherwise, the right to arbitrate a dispute exists only between the parties to that contract. Construction projects, however, involve multiple parties, and often the culpable party does not have a contract with the injured. For parties that will likely find themselves between the guilty and the injured, such as a contractor or owner, it is important that contracts contain provisions allowing for consolidation or joinder of parties.

Contracts should designate the arbitration panel. Large contracts often identify a panel comprised of an odd-number of arbitrators; three arbitrators are often recommended. The American Arbitration Association will attempt to provide neutral panels consisting of a design professional, a contractor, and an attorney. Alternatively, each party may select an arbitrator, and then those two arbitrators select the third. Owners often prefer the second method of choosing arbitrators, especially if they find lists proposed by dispute associations lacking owner-friendly representatives. In arbitration, parties are not necessarily entitled to discovery. In large cases, arbitration rules may provide that the panel can order discovery from the parties, but that is not always the case, especially when a small amount is in dispute. Even in large cases, arbitrators will likely limit the scope of discovery compared to that which would normally be available in court. Thus, it is important to include discovery rights in one's contract, which should consist of a finite number of depositions and the right to inspect or audit the opposing party's documents.

## ***VI. Liquidated Damages***

One of the most important elements of a construction project is time. An owner makes a large capital investment in a project and requires a return on that investment promptly for the project to meet its intended purpose. Owners also rely on the expected completion date of project, including plans for moving people and operations into a building and undertaking contractual obligations that require occupancy. Therefore, owners suffer significant loss when a project comes in late, but these losses can be hard to calculate. If the owner is in the public or non-profit sector, major disputes may arise regarding the value of the space to the owner or the nature of the loss suffered by late occupancy.

To deal with these problems, owners frequently use liquidated damages clauses in construction contracts. These clauses almost always work by assigning a daily charge for substantial completion later than the scheduled date. Daily rates can be as low as a few hundred dollars or in the tens of thousands of dollars, depending on the size of the project and its time sensitivity.

### A. Enforceability of liquidated damages

The standard rule of law is that the courts will enforce liquidated damages as long as they do not constitute a "penalty." The courts will generally find that to be the case only when an owner is not suffering any damages at all from the passage of time. Nonetheless, when liquidated damages are grossly disproportionate to the owner's actual damages, courts or arbitrators may intervene and refuse to enforce them.

Owners can avoid the risk of unenforceable liquidated damages by taking several precautionary measures. First, owners should avoid the use of the word "penalty" in referring to these damages. Second, if the damages figure seems high, owners should include in the contract language an explanation of the importance of prompt completion and the serious nature of the harm to the owner from late completion. For example, a school board can include language reciting that liquidated damages are high to reflect the immense disruption to the educational program that would result from interference with school operations.

Third, owners can bolster the enforceability of liquidated damages by offering early completion bonuses. Contrary to popular belief, liquidated damages need not be "mutual" so as to be enforceable. Nonetheless, an owner who agrees to pay extra for early completion will have an easier time defending reduced payment for late completion.

## B. Elements of Liquidated Damages

In the for-profit sector it is not difficult to decide on liquidated damages figures. The sum should be a combination of the lost profits from late completion and administrative expenses from continued oversight of the project, coupled with the cost of disruption to move-in plans.

In the public and non-profit sector, the equation is not so simple. One approach is to take the daily interest cost of the capital cost of the project as of the completion. Another approach would include evaluating the cost based upon the value that the project is intended to ultimately provide its users. Some public owners have relatively sophisticated means of calculating the value of the project. For example, some highway authorities calculate the value of motorists' time that is taken due to delayed traffic that is a result of incomplete highway projects as the basis for liquidated damages.

## C. Stepped Damages and Milestone Deadlines

Another approach is to have "stepped" liquidated damages, by which the daily rate rises after a certain point. Part of the theory of this approach is that a major delay (e.g., many weeks or months) is much more harmful than a modest delay in occupancy. This approach also allows an owner to avoid appearing punitive, by assigning a low liquidated damages figure to limited delays, while protecting the owner from large losses from a project that completely loses its way.

Liquidated damages can be employed during a project as well as at the end. When an owner desires to maintain close tabs on the progress of a job, the owner can establish deadlines for completion of stages of the work. If these are important, the owner can assign liquidated damages to these as well as to the end date. This approach is used by owners who fear that their contractor has limited management skills and may lose track of the job. Liquidated damages at milestones during the job assure that the contractor will not lose sight of the job's overall schedule.

## ***VII. Delay and Extensions of Time***

Every construction project has a schedule that determines, in advance, the sequence of work. For the owner, a schedule provides the answer to the owner's number one concern: "When will it be finished?" For the general contractor or construction manager, a schedule is a crucial tool in managing a particular project.

Unfortunately, it is a rare occurrence for a construction project to progress to completion without some disruption to the original schedule. In most cases, these disruptions cause delays, which in turn cost the owner or contractor, or both, time and money. The contract documents dictate which party is responsible for the delay and whether the contractor is entitled to an extension of time or for reimbursement of costs incurred as a result of the delay. If the delay is caused by the owner, the contractor will often be entitled to recover the costs incurred as a result of the delay. Some contracts, however, contain exculpatory clauses that restrict a contractor's right to recover compensatory damages. An example of an exculpatory clause

is a "no damages for delay" clause. While beneficial to owners, "no damages for delay" clauses severely restrict contractors' rights to recover damages where there is a delay caused by the owner.

## A. Types of Delays

For those involved in the construction business, various types of delays often pervade progress; however, there are ways to contract around these delays by including various remedies under standard contract documents for each type of delay.

### 1. Inexcusable Delays

Generally, inexcusable delays are those delays caused by, or within the control of, the contractor or its subcontractors. Examples of inexcusable delays include equipment problems, slow work, poor management, or poor coordination. In such cases, the contractor bears all of the responsibility and will not be entitled to any additional time or money.

### 2. Excusable Delays

Excusable delays, on the other hand, are typically those delays that are outside the control of either party. Causes of excusable delays include unusually severe weather, labor disputes (such as union strikes), or national shortage of materials. In situations involving excusable delays, the owner is required to give the contractor additional time to finish the project. The contractor is not, however, entitled to compensation from the owner for costs incurred as a result of the delay.

In some cases, the owner may nevertheless require the contractor to finish by the originally-scheduled completion date. When this happens, the owner has "accelerated" the work and must pay the contractor for costs incurred as a result of such acceleration. Often, these costs are substantial because acceleration requires over-time and double shifts. An owner should evaluate the situation carefully and should never accelerate for the purpose of mitigating delay damages. It is almost always cheaper to pay delay damages than to pay for the costs of acceleration.

### 3. Compensable Delays

Compensable delays are those delays for which the owner bears responsibility and must give the contractor additional time and compensation. Examples of Compensable delays include design changes or errors that slow down the progress of the work, interference with site access not anticipated by the contractor, failure by the owner to secure necessary permits, or decision making by the owner that results in work delays.

### 4. Concurrent Delays

Occasionally, two different types of delays will overlap on a particular project. Such occurrences are commonly referred to as "concurrent delays." In order to determine whether two delays are concurrent, the parties must independently identify and evaluate each delay. If each delay would cause the project to be delayed for a similar period of time, the delays are considered concurrent.

It is not always easy to apportion responsibility in situations involving concurrent delays. One well established rule, however, is where a Compensable delay is concurrent with an inexcusable delay, the period of delay is reclassified as an excusable delay. Thus, the contractor will get additional time to complete the project, but will not be compensated for costs incurred as a result of such delays. Other combinations are debatable. For example, what remedy, if any, is available where a Compensable delay runs concurrently with an excusable delay? How about where an inexcusable delay runs concurrently with an excusable delay? Such questions require lengthy discussion, which we will leave for another day.

## ***VIII. Indemnification and Insurance***

An important function of the contract drafting process is identifying risks and negotiating their allocation among the parties. The party most apt to handle the risk should assume it, provided that the party is adequately compensated; however, the party with the greatest bargaining power will often insist on

shifting risk to the other party to a contract. These risks are especially great in construction where smooth progress can so easily be disrupted at great expense to the parties, and where the consequences of lapses in safety can be so great.

At the first level is allocating the risk for project completion, which may be accomplished through various provisions, usually placing the contractor at risk to complete the job. The owner, however, bears the risk of contractor insolvency. The owner may require bonding the project, but because it is the owner's risk, the cost of bonding can be passed back to the owner. Similarly, the contractor must consider risks implicated by owner insolvency. The AIA A201 addresses such risks, though not in their entirety, by allowing the contractor to request in writing evidence of financial arrangements made to fulfill the owner's obligations to the contractor as a precondition to commencement or continuation of the work.

At the next level are the risks inherent with construction activities, owning property, or providing a professional service. Where these risks should lie are self-evident. Though standard contract provisions place most building risks on the contractor, they do not completely protect the owner or design professional against third-party injury claims. Because safety is best controlled by the contractor, other contractual tools, such as indemnification and insurance, are necessary.

There are two types of indemnification clauses. The first provides indemnity for all work-related incidents regardless of guilt. The second provides indemnity for work-related incidents arising from an indemnitor's wrongful conduct. It is important to note with respect to the former indemnity clause that many courts and state statutes prevent indemnification of a person whose own negligent acts caused the injury. Insurance fills gaps left by indemnity. Moreover, it provides incentive to the indemnitor to assume indemnity obligations since it can insure them and pass the cost back to the indemnitee, usually the owner.

When drafting contract provisions that require a party to obtain insurance, it is important to (1) require inclusion in that policy as an additional insured; (2) require that the policy continues without interruption until completion; and (3) require notice of cancellation of any policies. The policies typical to a construction project are commercial general liability, project management liability, property, loss of use, off-site storage, boiler and machinery, and professional liability.

## ***IX. Notice-of-Claim Requirements***

Most construction contracts require parties who are asserting a claim to provide prompt notice to the other party. Such notices most commonly apply when a contractor encounters a field condition that will delay the work or cause cost overruns. The typical clause requires notice of a claim within a certain number of days of the time the claimant learns of the facts leading to the claim and in any event prior to the date on which the claimant begins to expend extra funds for which it will seek compensation. While the specific timing and method of notice vary, there are several consistent principles underlying notice requirements.

First, notice of a claim gives the recipient an opportunity to gather information relating to the claim before it is lost. For example, upon receiving notice of a claim for additional costs due to subsurface conditions, the owner will want to measure, photograph, or sample the buried structure or rock that the contractor claims will lead to additional costs. If the owner is not given notice, the contractor may remove the rock or structure before the owner has the chance to preserve the evidence that will govern the contractor's entitlement to a claim.

Second, notice may enable the parties to reach agreement regarding the amount of loss. When both parties investigate a claim simultaneously, they share the benefits and burdens of finding a solution which tends to minimize the chances of any future dispute regarding proper remediation methods.

Third, notice requirements may help assess whether a claim is genuine. In some situations, owners believe that once a contractor completes a project and discovers that the project lost money, the



contractor will begin asserting claims in an attempt to recoup the loss. Requiring prompt notice at the time of the event in question helps avoid after-thoughts.

Fourth, owners have to manage the budget of a construction project and make decisions based on information regarding the prospective costs of the job. If the owner does not learn until late in the job that there will be cost overruns, the owner has less ability to arrange additional financing or change parts of the project so as to save the money needed to cover the claim.

There are, however, limitations on the enforceability of clauses requiring notice of claims. The best advice for all parties is to strictly follow the contractual notice requirements, even if notice of a claim is also provided in another manner (often less formal). Doing so is likely to eliminate the need to litigate any notice issues. However, failure to comply strictly with contractual notice requirements may not be fatal to a claim. In some instances, a court or arbitrator will not enforce technical requirements of a notice clause where the purpose of the clause has been met, such as where minutes of job meetings confirm actual discussion and consideration of a potential claim.

In contrast, merely showing that the owner had knowledge of the field condition at issue may not prove compliance with a notice clause. For example, knowing that the contractor has encountered rock that is slowing its progress is not the same as knowing that the contractor considers that to be the owner's problem and financial responsibility. The distinction is important because, if the contractor plans to effectively spend the owner's money, the owner is entitled to give direction on whether and how to proceed. The owner might, for example, decide on a design change to minimize the problem.

## **X. Termination Clauses**

Perhaps the worst thing that can happen on a construction project is contract termination. Everyone loses money in that situation, and some parties will lose a significant amount of money. Litigation very frequently follows terminations. Terminations arise in three situations: terminations for convenience by the owner; terminations for cause by the owner; and terminations for cause by the contractor.

### **A. Termination for Convenience**

Termination for Convenience clauses allow an owner to cancel a project after the construction contract has been executed. This situation usually only happens when financing fails or a permit necessary for the project cannot be obtained. Changes in the law or technology may also make a project obsolete or the planned approach illegal.

This clause provides that the owner pays the contractor its actual costs up to the point of notice of termination. Typically the contractor also receives demobilization costs. If any overhead costs have not yet been recovered through billings for work performed, the contractor may seek to be compensated.

### **B. Owner's Termination for Cause**

The worst case scenario for an owner is a contractor that has stopped performing. When all else fails, the owner's remedy is termination of the contract.

Form A201 contains the basic clause concerning owner termination. It provides that the owner may terminate the contract if the contractor: 1) persistently fails or refuses to supply enough properly-skilled workers and/or materials; 2) fails to pay subcontractors; 3) persistently disregards applicable laws, ordinances or rules; or 4) is otherwise guilty of a substantial breach of the contract (the "catch-all"). Once the architect certifies any of the above causes, the owner may, without prejudice to other rights and remedies, terminate the contractor after providing seven days' written notice to the contractor and its surety, if applicable. If the cost to complete the work exceeds the unpaid balance of the contract sum,

which is almost always the case, the contractor is responsible for the amounts over and above the contract sum.

As with notice provisions, strictly following the termination procedures is imperative, particularly since litigation so often follows from a termination for cause. In addition, proper termination may have an effect on any rights to recovery under performance bonds. Often performance bonds are given by the contractor at the inception of a project in order to guarantee that the project will be completed if the contractor is unable to do so. Obligations under performance bonds typically are not triggered unless a claimant first follows all proper procedures to terminate the contract. Often performance bonds require that the surety be notified of an intention to terminate and any subsequent termination of a contract. Failure to follow those clauses may impair a claimant's right to future performance to complete the original contract.

### C. Termination For Cause by Contractor

Contractors seldom wish to terminate contracts. However, in some instances, job conditions may become so unbearable that a contractor decides to take such drastic action. Some contracts contain a clause which provides that a contractor may terminate if the owner fails to make payment for thirty days or the architect fails to recommend payment for thirty days, through no fault of the contractor. The contractor is required to provide seven days' written notice to the owner and architect. Thereafter, the contractor is entitled to be paid for all work performed together with proven loss with respect to materials and equipment and even reasonable overhead and profit.



## Suggested Items for Inclusion in GC Contracts

### Suggested Items Required for Inclusion in Borrowers Contracts with General Contractor's

For better protection of the lender and the borrower, we would recommend that these clauses be inserted into all contracts between the borrower and the general contractor.

1. Progress Payment Submittal Requirements (Attachment to Agreement)
2. Change Order / Extra Work / Extended Schedule Notification to Lender
3. Contractor Performance/Replacement Clause – Failure To Perform
4. Lender Indemnification and Hold Harmless Agreement
5. Lenders Option to Verify Proposed Construction Costs
6. Additional Insured Requirements Naming Lender
7. Project Schedule (Attachment to Agreement)
8. Liquidated Damage / Acceleration Clause
9. Lenders Right to Enter Inspect Property
10. Lien Release Policy Clause

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# Sample General Contractor Contract

## **IMPORTANT NOTICE LEGAL DISCLAIMER**

This sample Rehabilitation Construction Agreement is being provided for informational purposes only and should not be relied on as legal advice. Nothing herein constitutes the establishment of an attorney-client relationship between you and any attorney involved in the drafting of material included in this sample Rehabilitation Construction Agreement. This sample Rehabilitation Construction Agreement cannot and does not address the unique facts and circumstances of your specific situation and should not be relied on for your particular transaction. We make no claims, promises, or guarantees about the accuracy, completeness, or adequacy of any information contained in these sample contracts. Therefore, you should not use This sample Rehabilitation Construction Agreement without first obtaining the advice of a competent attorney. Finally, nothing contained in This sample Rehabilitation Construction Agreement should be construed to constitute a recommendation or endorsement of any organization (including Secured Investment Corp or Cogo Capital), product, service, law firm or attorney.

## **GENERAL RELEASE AND WAIVER**

By utilizing this sample Rehabilitation Construction Agreement, you: (i) assume full responsibility for any loss, damage, or liability resulting from the use of This sample Rehabilitation Construction Agreement; and (ii) release the authors, Secured Investment Corp and Cogo Capital from any and all known or unknown claims, demands or causes of action that may arise, at any time, out of or relating to your use of this sample Rehabilitation Construction Agreement.

**REHABILITATION CONSTRUCTION AGREEMENT**

THIS REHABILITATION CONSTRUCTION AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (“Effective Date”), by and between \_\_\_\_\_ whose address is \_\_\_\_\_ (“Contractor”) and \_\_\_\_\_ whose address is \_\_\_\_\_ (“Owner”). This Agreement is in a form approved by \_\_\_\_\_ whose address is \_\_\_\_\_ (“Lender”).

NOW, THEREFORE, IN CONSIDERATION of the mutual promises and covenants contained in this Agreement, Owner and Contractor agree as follows:

**1. Scope of Work; Property.**

**1.1. Statement of Work.** Contractor agrees to construct and/or rehabilitate certain improvements described herein (“Improvements”) to that certain single family residence located on the Property (as defined below), for the Owner (the “Project”). Contractor will furnish and pay for all labor, equipment, tools, machinery, scaffolding, temporary utilities, consumable supplies, supervision, materials, and all taxes necessary to construct and complete the Project, in a workmanlike manner, the work described in the Construction Documents (as defined below) described in Section 1.5 (collectively, the “Work”), for the construction of the Improvements.

The Improvements shall (i) be constructed in substantial compliance with certain schematic drawings, if applicable (“Plans”); (ii) incorporate certain materials and equipment, and comply with certain procedures and requirements, if applicable (the “Specifications”); (iii) subject to Change Orders (as defined below) be completed for the Contract Price (as defined below); and (iv) subject to Force Majeure, be completed by the Completion Date as described in Section 1.2. Contractor shall perform the Work in compliance with the Construction Documents. Contractor agrees to perform all such modifications as are within the scope of the Work or reasonably necessary to complete the Work.

**1.2. Compliance with Applicable Laws.** Contractor shall fully comply (to the extent such compliance is within the applicable standards of care) with all applicable state, local, and federal statutes, ordinances, building codes, laws, rules, and regulations, the requirements of any governmental agency having jurisdiction, which apply to this Agreement and Contractor’s performance hereunder (collectively, the “Codes”) and permit reasonable inspection by any and all authorized inspectors.

**1.3. Permits.** Contractor shall obtain and pay for all permits and licenses necessary for the completion and execution of the Work to be performed under this Agreement.

**1.4. Notice to Proceed; Time of Performance.** Contractor shall not begin the Work until Contractor receives a written notice to proceed from the Owner, after which the Contractor shall begin the work within ten (10) calendar days of the date of said notice to proceed, and shall complete said work within \_\_\_\_\_ (\_\_\_\_\_) calendar days thereafter (“Completion Date”); *provided, however,* Owner acknowledges and agrees that the Work cannot begin until (i) Complete Plans and Specifications have been approved and initialed by both Owner and Contractor and (ii) Contractor has in its possession all appropriate building permits, licenses, and other necessary approvals for the commencement of the Work. The Contractor will proceed with the Work at such rate of progress to insure full completion before the Completion Date, it being

expressly understood and agreed, by and between the Contractor and the Owner that the Completion Date described herein is a reasonable time, taking into consideration the average climatic and economic conditions and other factors prevailing in the locality of the work. Contractor acknowledges and agrees that time is of the essence with respect to completion of the Work set forth herein.

Subject to a Force Majeure and a mutually agreed upon extension of the Completion Date, if the Contractor fails to complete the Work on or before the Completion Date, the Contractor will be assessed a fine and be required to pay to the Owner an amount equal to \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_) per day, as liquidated damages, for each day the Work is not substantially completed prior to the Completion Date. Contractor and Owner agree that, in the event the Work is not completed by the Completion Date, Owner will be damaged in an amount that is impossible to estimate and that the amount set forth above in this Section 1.2 is fair and reasonable in all respects. Contractor further acknowledges and agrees that the Owner shall have the right to retain out of any Draw (as defined below) all amounts described in this Section that Owner is entitled to.

**1.5. Property.** The Improvements will be constructed on that certain real property generally located at \_\_\_\_\_  
\_\_\_\_\_  
(insert full address) (the “Property”).

**1.6. Construction Documents.** Contractor agrees to complete the Work in accordance with the Construction Documents, in accordance with the trade standards and practices for each trade used, and in accordance with all applicable requirements of the Codes. The intent of the Construction Documents is to include all items necessary for the proper execution and completion of the Work by Contractor. Performance by Contractor shall be required to the extent consistent with the Construction Documents and reasonably inferable from them as being necessary to produce the indicated results. In addition to this Agreement, the “Construction Documents” consist of the following, which, together with written modifications made in the manner provided therein and issued subsequent to the execution of the Agreement, form the entire agreement between the parties:

- Exhibit A:** Contractor Bid
- Exhibit B:** Draw Schedule
- Exhibit C:** Project Schedule
- Exhibit D:** Plans, if any
- Exhibit E:** Specifications, if any
- Exhibit F:** Change Order Form

All of the above-referenced documents are incorporated into this Agreement by this reference with the same force and effect as if the same were set forth at length herein. If there is any conflict or discrepancy between the terms of the Construction Documents including, without limitation, the descriptions of the Work contained therein, or any conflict between the Construction Documents and applicable Codes, Contractor will provide Owner with notice of the conflict upon discovery. In the event of any conflict or discrepancy between various Construction Documents, the terms and provisions of the Agreement shall control over the remaining Construction Documents. In the event of any discrepancy between various Construction Documents, the dimensions contained in the Plans and Specifications shall take precedence over measurement by scale. A large scale drawing shall take precedence over the smaller. In any case of discrepancy, whether actual or suspected, between the figures, or the figures and the scale of the plans and specifications, the matter shall be submitted to the Owner within five (5) business days of discovery. The foregoing provisions include specification, typographical errors, and drawing

notational errors where the intent is unclear. Should the Plans vary from the Specifications, then the Specifications shall govern.

The Plans and Specifications may be modified, limited or negated as the parties may subsequently agree in writing through Change Orders. It is specifically understood and agreed by the parties that Contractor is not responsible for and in no way endorses the accuracy or completeness of the Plans and Specifications to the extent they have been prepared by an independent architect, designer or other third party. The compliance of the Plans and Specifications with all applicable Codes, restrictive covenants or other conditions affecting the Property (including easements and zoning requirements) shall also be the Owner's responsibility, unless such Plans and Specifications are provided by Contractor and not by an independent architect, designer or other third party. Unless otherwise specified, materials used by Contractor in construction of the Improvements shall be as prescribed in the Plans and Specifications. In the event specified materials are not reasonably available, or if the procurement of such item would cause undue delay in the progress of the Work, Contractor may substitute materials of comparable grade and quality. Owner acknowledges that these substitutions and/or changes may occur during construction and agrees that so long as the Improvements are substantially in compliance with the Plans and Specifications; acceptance of any such minor deviations will not be unreasonably withheld.

**2. Contract Price.** Owner agrees to pay Contractor the aggregate sum of \_\_\_\_\_ and No/100 Dollars (\$ \_\_\_\_\_) (the "Contract Price") as consideration for the construction and completion of the Improvements and the performance of the Work, subject to adjustment for Change Orders, as more fully set forth herein.

**3. Draw Schedule.** Payments shall be made pursuant to Exhibit B attached to this Agreement. Contractor may use the initial payment for, among other things, initial construction or pre-construction expenses. Other than for the initial payment, Contractor shall present Owner with requests for the other payments ("Draws") set forth in Exhibit B. Owner shall cause these payments to be made to Contractor within five (5) business days following the receipt of a request for a Draw. In the event of a payment delay, Contractor shall have the right to stop Work progress until payment is made and the Completion Date will be extended for each day of such delay. The final Draw (that portion of the Contract Price not paid by previous payments as well as any Change Orders) will be due and payable upon Substantial Completion (as defined below) of the Improvements. The existence of minor cosmetic repairs and adjustments may delay the payments due Contractor at that time.

Contractor agrees to accommodate the reasonable requests of the Lender. Owner acknowledges and agrees, however, that the loan documents that Contractor is asked to sign must be in a form reasonably acceptable to Contractor and that such documents will not alter the rights and obligations of the parties under this Agreement. Insofar as the relationship between Owner and Contractor is concerned, the terms and conditions of this Agreement shall not be superseded or modified by the Owner's loan documentation unless the superseded or modified provision in this Agreement is identified, annotated and initialed by the parties.

**4. Access to Improvements During Construction for Owner and Owner's Agents.** Contractor agrees that Owner and Owner's agent (including the Lender), if any, may enter the Property and Improvements. Owner agrees that Owner and Owner's agent (including the Lender), if any, must be accompanied by a Contractor representative. When Owner or Owner's agent (including the Lender) chooses to enter the Property or the Improvements, and irrespective of Contractor's presence on the Property or the Improvements and irrespective of the required permission required under this Section, OWNER AND OWNER'S AGENT AGREE TO RELEASE

AND INDEMNIFY, DEFEND AND HOLD CONTRACTOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS OR CAUSES OF ACTION (INCLUDING ATTORNEY'S FEES) ARISING IN FAVOR OF OWNER, OWNER'S FAMILY, GUESTS, OWNER'S AGENTS, OR OWNER'S LICENSEES AND INVITEES ON ACCOUNT OF BODILY INJURY, DEATH OR DAMAGE TO OR LOSS OF PROPERTY OR IMPROVEMENTS IN ANY WAY OCCURRING OR INCIDENT TO THE CONDITION OF THE PROPERTY AND/OR THE IMPROVEMENTS. Owner also agrees to pay to Contractor the cost to repair all damages to the Improvements resulting from the entry on the Improvements of Owner and Owner's Agent (including the Lender).

If during construction, Owner conducts periodic walk-through inspections, Owner agrees to timely apprise Contractor in writing if any aspect of construction has not been completed in substantial conformity with the Construction Documents. Failure by the Owner to reasonably object to the Work performed within any phase of construction (excluding a latent defect, if any) shall constitute an acceptance of that Work. Owner acknowledges and agrees, however, that it may be inappropriate and/or unreasonably expensive and time consuming to replace, re-fabricate or repaint a component that exhibits a minor defective condition. In such instances, Contractor, in its sole and absolute discretion, may (i) employ an alternate remedy to correct the deficiency in conformance with reasonable building practices, or (ii) conclude that the condition is within acceptable tolerances and take no corrective action.

**5. Substantial Completion; Occupancy.** The Improvements will be deemed to be substantially completed when the Work or designated portion thereof is sufficiently complete in accordance with the Construction Documents so the Owner can rent out the Property in compliance with the Codes ("Substantial Completion"). Upon Substantial Completion of the Improvements Owner shall make the final Draw payment to Contractor, subject to offset as provided herein.

**6. Inspection of Improvements; Orientation.** Prior to renting out or selling the Property, Owner must schedule an inspection with a Contractor representative. The inspection under this Section will not be conducted until the Work is Substantially Completed. Owner must physically participate in the walk-through inspection. During the walk-through inspection, Owner and Contractor's representative will thoroughly inspect the Improvements and complete a detailed check-off list. If Owner occupies the Improvements prior to an inspection with a Contractor representative, Owner may be deemed to have waived its rights under this Agreement with respect to warranty service. During the inspection, Owner and Contractor's representative will note all defects, other problems or complaints of which Owner is aware or discovers during the inspection. This is Owner's one and only opportunity to identify and have corrected any minor or cosmetic defects in the Improvements. Only those problems reported during Owner's walk-through meeting will be corrected or repaired by Contractor as soon as possible thereafter, therefore, Owner is instructed to thoroughly inspect the Improvements during this walk-through. Once the Improvements are in Owner's possession, Owner will be responsible for its care.

Any professional inspection obtained by Owner must be conducted during the time period which is not more than five (5) days nor less than two (2) days prior to the inspection, by appointment arranged with a Contractor representative. All professional inspectors retained by Owner must provide to Contractor a copy of the entire inspection report prepared by the inspector, and all corrections requested by the Owner based upon the professional inspection must be included in the inspection list prepared by Contractor and Owner during the inspection, or the requested corrections will not become the obligation of Contractor to correct.



Contractor's final Draw payment may be delayed by Owner's claim of any deficiencies in the Work. Owner shall have no obligation to make the final payment to Contractor until all items identified by Owner during Owner's inspection have been cured to the satisfaction of Owner.

**7. Change Orders.** No alterations, additions or deletions will be made in the Work, unless agreed to in writing by Owner and Contractor pursuant to a "Change Order" in the form attached as to this Agreement as Exhibit F. This Agreement shall apply to all Change Orders. Upon receiving, from Owner, a written request for a change, detailing the nature of the changes to be made, Contractor shall present Owner with a Change Order setting for the changes including any additional costs of construction, additional Contractor's fee, and any extensions to the Completion Date. If Owner signs and returns the Change Order together with the payment required under the Change Order within three (3) days after receipt of the Change Order from Contractor, it will become a binding attachment to this Agreement. Failure of Owner to approve Contractor's proposed Change Order or a failure of the Owner to make the payment required in the Change Order within (3) three days after receipt shall constitute a rejection of the proposal. Owner shall pay for all agreed upon Change Orders including the additional Contractor's fee to Contractor at the same time that the Owner delivers the executed Change Order to Contractor; a failure of the Owner to pay the amount at the same time as set forth in the Change Order will invalidate the Change Order and the Change Order will be of no force or effect. Contractor has no obligation to stop work while Change Orders are being discussed or exchanged. Should concealed or previously unknown conditions be encountered which are at variance with the conditions contemplated by the Plans and Specifications, the Contract Price shall be equitably adjusted by a Change Order to accommodate the modified scope of Work. Notwithstanding the foregoing, Owner agrees to execute and pay for Change Orders prepared by Contractor for changes in the Work (including any necessary increases to the Contract Price) that may be necessary to: (i) comply with applicable Codes; (ii) provide structural integrity to the Improvements; (iii) route electrical, mechanical or other systems included in the Work; (iv) avoid or correct any conditions which might result in defects or other warranty claims; (v) correct or cure any omissions in the Construction Documents or any conditions not completely or correctly represented in the Construction Documents such as unusual site conditions, subsurface soil conditions, topography, hazardous substances or materials, underground tanks, dump sites or ground water

**8. Insurance.** The Contractor shall purchase and maintain such insurance as will protect Contractor, Owner and Lender from claims set forth below which may arise out of or result from the Contractor's execution of the Work, whether such execution be by Contractor or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Contractor shall provide, and maintain, during the duration of the Work, a policy of Workers' Compensation and General Liability Insurance for the protection of Contractor's employees, the Property and the Lender. The amount of Commercial General Liability Insurance required for the Project shall be a minimum of \$500,000.00 or \$1,000,000.00 per occurrence.

Certificates of Insurance acceptable to the Owner and Lender shall be delivered to the Owner and Lender prior to the commencement of the Work. These certificates shall contain a provision that coverage afforded under the policies will not be cancelled unless at least fifteen (15) days prior written notice has been given to the Owner and Lender.

Owner and Lender shall be named as additional insured on all applicable insurance policies maintained under this Section 8, as evidenced by a Certificate of Additional Insurance delivered to the Owner and Lender prior to commencing the Work.



**9. Contractor's Additional Obligations.** Contractor accepts responsibility for the performance of all duties reasonably necessary to complete the Work and agrees that:

**9.1.** Contractor may subcontract all or any portion of the Work to other contractors; *provided however*, that Contractor assumes full responsibility for acts or omissions of a subcontractor and the subcontractor's agents, employees, and assigns and shall make good any damage sustained by Owner for any performance failure by such subcontractors.

**9.2.** In constructing the Improvements and completing the Work, Contractor may rely on the Construction Documents as being complete and correct in all respects. Contractor shall promptly notify Owner of all errors, conflicts, or inconsistencies discovered with respect to the Construction Documents. **CONTRACTOR DOES NOT WARRANT OR GUARANTEE ANY OF THE CONSTRUCTION DOCUMENTS WHICH HAVE BEEN PREPARED BY ANY PARTY OTHER THAN CONTRACTOR. CONTRACTOR WILL NOT BE RESPONSIBLE FOR ANY ERRORS OR OMISSIONS IN THE REPRESENTATIONS, DOCUMENTS, PLANS, SPECIFICATIONS, OR DESIGNS MADE BY AN ARCHITECT, ENGINEER, SURVEYOR, OR DESIGNER OTHER THAN CONTRACTOR WITH RESPECT TO ANY OF THE CONSTRUCTION DOCUMENTS.** All changes or corrections causing additional expense or delays shall be administered as a Change Order as outlined above. Any Construction Documents or any supplements to the Construction Documents prepared by Contractor shall be the property of Contractor and shall not be used by Owner except for construction provided by Contractor. Owner acknowledges that minor changes may occur in the Work and agrees that so long as the construction of the Improvements is substantially in compliance with the Construction Documents, such minor deviations will be accepted.

**9.3.** Contractor shall pay all costs related to the Work, except for Change Orders as described above.

**9.4.** Contractor shall use all new materials in connection with the Work that are of a quality suitable for the intended purpose, except as otherwise specified in this Agreement or the Construction Documents.

**9.5.** Contractor shall deliver the Improvements to the Owner free of all liens, claims, security interests or encumbrances that might have arisen from the performance of the Work, except the lien and security interest created by this Agreement or given to the interim construction lender.

**9.6.** Prior to the receipt of any Draw, except an initial Draw; Contractor shall furnish to the Owner full and unconditional releases from any claim or mechanic's lien for that portion of the work for which payment had been made by Contractor or any subcontractor.

**9.7.** Contractor shall perform the Work in accordance with all applicable Codes and shall conform to the industry standards.

**10. Lead Based Paint and Asbestos.** The Contractor shall not use or subcontract to a contractor that uses lead-based paint having more than 6/100 of 1% lead content by weight in the performance of this Agreement.

Contractors shall comply with the provisions of 29 CFR Part 1926("OHS"), governing the protection of workers disturbing lead painted surfaces. These provisions include, but are not limited to the following: (i) the contractor shall contact the inspector for the Owner and Lender before disturbing any surfaces painted with lead paint to document the content of lead on all

painted surfaces to be disturbed; (ii) shall conduct air quality monitoring when appropriate for the type of activity to determine the level of worker protection required by OSHA. If air quality monitoring results exceed 30 ug/cu. For an 8-hour period, then worker blood testing and monitoring requirements provided in OSHA shall apply; (iii) shall provide personal protective equipment, including a respirator program, as is appropriate to the type of job as required by OSHA; (iv) shall provide proper containment of the work site and clean the work site not less than daily to contain lead dust; (v) shall make proper facilities available for worker hygiene when entering or exiting a work area; (vi) shall provide for appropriate signage indicating the presence of a lead hazard when conducting work activities; (vii) shall ensure that specialized cleaning of containment areas is complete before reoccupancy by the occupant of the Property. For activities that remove identified lead hazards, the Contractor shall ensure that specialized cleaning is adequate to meet clearance standards adopted by HUD and local or state Departments of Health.

The Contractor shall not use following methods to remove paint that is, or may be, lead-based paint: (i) open flame burning or torching; (ii) machine sanding or grinding without a high-efficiency particulate air (“HEPA”) local exhaust control; (iii) abrasive blasting or sandblasting without HEPA local exhaust control; (iv) heat guns operating above 1100 degrees Fahrenheit or charring the paint; (v) dry sanding or dry scraping, except dry scraping in conjunction with heat guns or within 1.0 ft. of electric outlets, or when treating defective paint spots totaling no more than 2 sq. ft. in one interior room or space, or totaling no more than 20 sq. ft. on exterior surfaces; (vi) paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance in accordance with the regulations of the Consumer Product Safety Commission at 16 CFR 1500.3 and/or other hazardous chemical in accordance with the Occupational Safety and Health Administration regulations at 29 CFR 1910.1200 or 1926.59, as applicable to the work.

The contractor shall comply any Codes governing environmental hazards and their remediation.

**11. Clean Up.** Contractor shall regularly remove debris and waste materials from the Property resulting from the Work. Prior to discontinuing Work in an area, Contractor shall clean the area and remove all rubbish and its construction equipment, tools, machinery, waste and surplus materials. Contractor shall minimize and confine dust and debris resulting from construction activities. At the completion of the Work, Contractor shall remove from the Property all construction equipment, tools, surplus materials, waste materials and debris.

**12. Subcontractors.** Work not performed by Contractor with its own forces shall be performed by subcontractors retained by Contractor. Contractor agrees to bind every subcontractor and material supplier (and require every subcontractor to so bind its subcontractors and material suppliers) to all the provisions of this Agreement and the Construction Documents as they apply to the subcontractor’s and material supplier’s portions of the Work and as are reasonably necessary for the subcontractor and material supplier to execute its portion of the Work. Contractor agrees that it shall pay all its subcontractors on time and obtain lien releases from all subcontractors from time to time as required for funding by Lenders or investors and upon completion of a subcontractor’s work or delivery of supplies or materials.

**13. Guaranty.** The Contractor shall guarantee all materials and equipment furnished and work performed for a period of one (1) year from the date of final inspection. The Contractor warrants and guarantees for a period of one (1) year from the date of final inspection of the Work that all Work and Improvements are free from all defects due to faulty materials or workmanship and the Contractor shall promptly make such corrections as may be necessary by reason of such defects. The Owner will give notice of observed defects with reasonable promptness. In the event that the

Contractor should fail to make such repairs, adjustments, or other work that may be made necessary by such defects, the Owner may, after giving thirty (30) days' notice to the Contractor, do so and charge the Contractor the cost thereby incurred. The Owner shall hold the Lender harmless should the Contractor not return to correct defects covered under this warranty. The Lender will, in no way, guarantee that any defects due to faulty materials or workmanship will be corrected and will not ask any other government agency to cover the cost of correcting such defects.

**14. Indemnification; Release.** Contractor shall defend, indemnify and hold Owner and Lender and each of Owner and Lender's agents, members, managers and representatives, from and against any and all liability, claims, damages, losses, costs and expenses (including attorneys' fees), injuries or deaths to any persons, and for loss of or damage to the Property or Improvements arising under or by reason of this Agreement, including, but not limited to: (i) Contractor's violation of any Codes; (ii) as a result of any act, omission or conduct or breach of this Agreement of or by Contractor; or (iii) from defective work by Contractor.

Contractor shall defend, indemnify, and hold Owner and Lender and each of Owner and Lender's agents, members, managers and representatives, from and against any and all claims of lien on the Property by any subcontractor, supplier and/or vendor. In the event that a lien is placed on the Property by a third party, Contractor shall immediately resolve the situation, or if the situation cannot be resolved, Contractor shall provide a lien release bond to release the lien within thirty (30) days of Owner receiving notice of the lien. Neither securing the lien release nor posting of a bond shall relieve the Contractor of any duties and responsibilities under this Agreement. The cost of any premiums associated with such bonds shall be the sole responsibility of the Contractor and shall not be part of or cause an increase in the Contract Price. If the Contractor fails to secure release of or bond off a construction lien, the Owner has the right, but not the obligation, to settle any such claim by direct payment to the claimant if the Owner determines, in its sole discretion, that such payment is the most economical or advantageous method of settling the dispute. The Contractor shall promptly reimburse the Owner for such payment. If Contractor does not reimburse Owner, the Owner has the right to offset any progress payment (including the final payment) by all costs and expenses (including attorneys' fees) incurred by Owner in releasing or obtaining a bond for said lien.

## **15. Default.**

**15.1. Default by Contractor.** Default by Contractor. Contractor will be in default upon either (i) Contractor's failure to make payments to contractors or vendors supplying material for the Work; (ii) a breach by Contractor of a covenant or agreement contained in this Agreement; or (iii) Contractor's filing of a voluntary petition in bankruptcy, making an assignment for the benefit of any creditor, being adjudicated a bankrupt or insolvent, or applying for or consenting to the appointment of a receiver, trustee or liquidator of all or a substantial part of Contractor's assets. If Contractor commits such an event of default, prior to exercising any remedy granted by this Agreement or by law, Owner shall deliver notice of default to Contractor. If an event of default is not cured within thirty (30) days after delivery of the written notice, Owner may exercise any remedy granted by this Agreement or by applicable law. Upon the occurrence of an event of default by Contractor and the expiration of the thirty (30) day cure period, Owner may (but shall not be obligated to), without prejudice to any other available right or remedy, terminate this Agreement, seek specific performance of this Agreement by Contractor, pursue any other remedies available to Owner under this Agreement or as provided by law, or any combination of the foregoing.

If Owner receives notice of any lien or claim for labor or materials furnished to Contractor for which, if established, Owner of the Property might become liable, though primarily chargeable to Contractor, Owner shall have the right to retain out of any Draw an amount sufficient to reasonably indemnify Owner against such lien or claim. However, Contractor shall have the right to contest in good faith the validity of such lien or claim. If Contractor fails to discharge any such lien or claim, any amounts expended by Owner for the payment of any liens or claims shall be credited against the Contract Price. If Contractor does discharge such lien or claim, the full amount withheld by Owner will be paid to Contractor upon written notice from Contractor to the Owner.

**15.2. Default by Owner.** Owner will be in default if either (i) Owner unreasonably delays or unreasonably interferes with Contractor in the execution of the Work; (ii) Owner fails to perform any other covenant or agreement contained in this Agreement; or (iii) Owner, or any person liable for the payment or performance under this Agreement, files a petition in bankruptcy, makes an assignment for the benefit of any creditor, is adjudicated a bankrupt or insolvent, or applies for or consents to the appointment of a receiver, trustee or liquidator of all or a substantial part of their or its assets. If Owner defaults under this Agreement, prior to exercising any remedy granted by this Agreement or by law, Contractor shall deliver written notice of default to Owner. If the event of default is not cured within thirty (30) days after delivery of such written notice, Contractor may (i) terminate this Agreement and seek recovery of any damage suffered by Contractor, including, but not limited to, payment for all materials, labor, profit, overhead and fees with respect to the Work; (ii) discontinue performance of this Agreement and the Work; (iii) seek specific performance of this Agreement by Owner; (iv) file and foreclose any Contractor's and mechanic's lien granted in connection herewith.

**16. Independent Contractor Status.** Contractor shall be and is an independent contractor and the relationship of Contractor and Owner shall not be viewed as a joint venture, partnership or any other relationship.

### **17. Force Majeure.**

**17.1. General.** Neither party shall be held responsible for any delay or failure of performance to the extent that such delay or failure is caused by a Force Majeure (as defined below), but only if, and to the extent: (i) such circumstance is not within the reasonable control of the party affected; (ii) such circumstance, despite the exercise of reasonable, diligent efforts and pursuit of reasonable, alternative measures, cannot be prevented, avoided, or removed by such party; and (iii) such event materially adversely affects (in cost and/or time) the ability of the affected party to fulfill its obligations under this Agreement.

**17.2. Obligations Upon Occurrence of Force Majeure.** The party claiming the benefit of excusable delay hereunder shall: (i) promptly notify the other party of the circumstances creating the failure or delay and provide a statement of the impact on such party of the Force Majeure event; and (ii) use all reasonable efforts to avoid or remove the effects of the Force Majeure event.

**17.3. Definition.** "Force Majeure" means fires, strikes, riots, embargos, explosions, earthquakes, floods, wars, water, the elements, government requirements, civil or military authorities, acts of God or by the public enemy, inability to secure raw materials or transportation facilities, acts or omissions, or suppliers of raw materials, or other similar causes beyond a party's control, but only to the extent that a party's actual performance is impaired whether or not similar to the foregoing.

## **18. Dispute Resolution.**

**18.1. In General.** Except as set forth in the last sentence of this section, any dispute, controversy, claim or difference concerning or arising out of this Agreement or the rights or performance of any party under this Agreement (each, a “Dispute”) will be resolved by the procedure set forth in Section 18.2. The procedure set forth in Section 18.2, however, will not be deemed to preclude either party from immediately seeking an injunction in any court of competent jurisdiction pursuant to its rights to injunctive relief under this Agreement.

**18.2. Dispute Resolution Procedure.** If a Dispute arises out of or relates to this Agreement or its breach, the parties shall endeavor to settle the Dispute first through direct discussions. If the Dispute cannot be settled through direct discussions, the parties shall endeavor to settle the Dispute by mediation before recourse to any binding dispute resolution procedures.

If neither direct discussions nor mediation successfully resolve the Dispute, the parties agree that they will resolve any Dispute arising out of or relating to this Agreement through binding arbitration. The Arbitration shall be before a single neutral arbitrator and conducted pursuant to the Construction Industry Rules of the American Arbitration Association, unless the parties mutually agree otherwise. Notwithstanding, the parties are not obligated to use the services of the American Arbitration Association if they mutually agree to a different procedure. To initiate arbitration, a written demand for arbitration shall be filed with the other party to the Agreement within a reasonable time after the Dispute or claim as arisen, but in no event after the applicable statute of limitations has run. If the other party is unresponsive or otherwise refuses to voluntarily engage in arbitration, the party demanding arbitration may commence suit to compel arbitration pursuant to 9 U.S.C. § 4, or similar state statute, in any court with jurisdiction over the parties. If the parties are unable to agree on an arbitrator, either party may petition a court to appoint an arbitrator pursuant to 9 U.S.C. § 5 or similar state statute. The arbitration award shall be final and binding on the parties and judgment upon the award may be confirmed in any court having jurisdiction.

The prevailing party in any Dispute arising out of or relating to this Agreement or its breach that is resolved by arbitration shall be entitled to recover from the other party reasonable attorneys’ fees, costs and expenses incurred by the prevailing party in connection with such arbitration, including but not limited to any costs and fees of suit to compel arbitration and/or to confirm any arbitration award.

The award in any arbitration will be final and binding upon the parties. A judgment upon an award rendered in arbitration may be entered in any court of competent jurisdiction. The venue for any mediation or arbitration under this Agreement will be in \_\_\_\_\_ County, \_\_\_\_\_.

**19. Notices.** Wherever this Agreement requires that one party provide the other party a written notice, such notice may be provided by any of the following methods: (a) personal delivery; (b) certified U.S. Mail to the address provided above; and (c) e-mail with read receipt, or similar, to the address provided below the party’s signature. Any notices sent under this Agreement shall be sent to the Lender.

## **20. Miscellaneous.**

**20.1. No Assignment.** Except to the extent that Contractor may subcontract Work under this Agreement, neither party has the right to assign this Agreement.



**20.2. Attorneys' Fees.** In the event of any arbitration, suit, or action is instituted related to this Agreement, including without limitation the construction, interpretation or governance of this Agreement or its terms, its validity, enforceability, scope, or subject matter, the substantially prevailing party will be awarded from the substantially non-prevailing party its, his, her or their reasonable attorney fees and costs, in addition to costs and expenses provided by statute or otherwise, incurred for prosecution, defense, consultation, or advice in connection with such action. The amount of such recovery of attorney fees and costs will be such sums as the arbitrator or court may adjudge reasonable as attorney's fees at arbitration, litigation, hearing, trial, or on appeal from judgment, order, or decree. The provisions of this Section will survive termination of this Agreement.

**20.3. Waivers.** Any waiver by either party of any breach of any term of condition of this Agreement shall not be deemed a waiver of any other breach of such term or condition, nor shall the failure of either party to enforce such provision constitute a waiver of such provision or of any other provision, nor shall such action be deemed a waiver or release of any other party for any claims arising out of or connected with this Agreement. No waiver shall be effective unless in writing and signed by the party against whom such waiver is sought.

**20.4. Governing Law.** This Agreement shall be governed by, interpreted, and construed in accordance with the laws of the State of \_\_\_\_\_.

**20.5. Agreement of Parties.** This Agreement constitutes the sole and entire agreement between the parties with respect to the subject matter hereof. There are no oral promises, conditions, representations, understandings, interpretations or terms of any kind as conditions or inducements to the execution hereof or in effect between the parties. This Agreement expresses the full and final agreement of the parties and incorporates and supersedes all prior and contemporaneous negotiations and agreements. This Agreement may not be modified except by writing executed by the parties hereto. All exhibits to this Agreement are incorporated into this Agreement by this reference.

**20.6. Interpretation.** Unless otherwise explicitly set forth in this Agreement, any decision, election, consent, or other approval may be made within the sole discretion of the party making such decision, election, consent, or other approval. The terms "day" or "days" as used herein shall mean calendar day or days. As used herein, the term "business day" or "business day" shall mean a day other than a Saturday, Sunday or day on which banking institutions in the city of \_\_\_\_\_, \_\_\_\_\_ are authorized or required by law or executive order to be closed. If this Agreement requires any act to be done or action to be taken on or by a date which is not a business day, that act or action will be deemed to have been validly done or taken if done or taken on the next succeeding business day. The terms "includes", "including" or "include" as used herein shall be interpreted as being non-exclusive and shall be read to mean, respectively, "includes without limitation, "including, without limitation" and "include without limitation." The headings used throughout this Agreement have been inserted for convenience of reference only and do not constitute matters to be construed in interpreting this Agreement. Words of any gender used in this Agreement will be construed to include any other gender, and words in the singular number will be construed to include the plural, and vice versa, unless the context requires otherwise. The words "herein," "hereof," "hereunder," and other similar compounds of the word "here" when used in this Agreement refer to the entire Agreement and not to any particular provision or section.

**20.7. Additional Actions.** Each party hereby agrees to execute and deliver all such other documents or instruments and to take any action as may be reasonably required in order to effectuate the transactions contemplated by this Agreement.

**20.8. Severability.** If for any reason any provision of this Agreement is determined by a tribunal of competent jurisdiction to be legally invalid or unenforceable, the validity of the remainder of the Agreement will not be affected and such provision will be deemed modified to the minimum extent necessary to make such provision consistent with applicable law and, in its modified form, such provision will then be enforceable and enforced.

**20.9. Time is of the Essence.** Time is of the essence with each provision of this Agreement.

**20.10. Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic signature (including, but not limited to, DocuSign) by any of the parties to any other party and the receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if an originally hand signed original had been received.

***[Remainder of page intentionally left blank]***

**SIGNATURE PAGE  
TO  
REHABILITATION CONSTRUCTION AGREEMENT**

**OWNER:**

\_\_\_\_\_  
*Name of Entity*

a

\_\_\_\_\_

\_\_\_\_\_  
*(State of Domesticity and Entity Type)*

By: \_\_\_\_\_

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

Its: \_\_\_\_\_

Email: \_\_\_\_\_

**CONTRACTOR:**

\_\_\_\_\_  
*Name of Entity*

a

\_\_\_\_\_

\_\_\_\_\_  
*(State of Domesticity and Entity Type)*

By: \_\_\_\_\_

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

Its: \_\_\_\_\_

Email: \_\_\_\_\_

**Approved as to form:**

**LENDER:**

\_\_\_\_\_  
*Name of Entity*

a

\_\_\_\_\_

\_\_\_\_\_  
*(State of Domesticity and Entity Type)*

By: \_\_\_\_\_

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

Its: \_\_\_\_\_

Email: \_\_\_\_\_



**Exhibit A**  
**Contractor Bid**

**Exhibit B**  
**Draw Schedule**

**Draw Schedule**

The draw schedule shall be paid according to the following schedule.

<b>Total Contract Price:</b>	\$ _____	
	<b><u>Percentage of Contract Price</u></b>	<b><u>Schedule of Payment</u></b>
<b>Initial Payment:</b>		
<b>Total Contract Price Balance:</b>	\$ _____	
<b>[INSERT]</b>		
<b>[INSERT]</b>		
<b>[INSERT]</b>		
<b>Draw upon Substantial Completion:</b>		

The final draw is subject to adjustment as set forth in the Rehabilitation Construction Agreement.

The draws do not include any payments for Change Orders, which must be paid at the time of the Change Order and pursuant to the Rehabilitation Construction Agreement.

**OWNER:**

**CONTRACTOR:**

\_\_\_\_\_  
*Name of Entity*

\_\_\_\_\_  
*Name of Entity*

a  
\_\_\_\_\_

a  
\_\_\_\_\_

\_\_\_\_\_  
*(State of Domesticity and Entity Type)*

\_\_\_\_\_  
*(State of Domesticity and Entity Type)*

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**Exhibit C**  
**Project Schedule**

**Exhibit D**  
**Plans, if any**

**Exhibit E**  
**Specifications, if any**

**Exhibit F**  
**Change Order Form**





**SIGNATURE PAGE  
TO  
CHANGE ORDER**

IN WITNESS WHEREOF, the parties have executed this change order effective as of the last date set forth below under the signatures

**OWNER:**

**CONTRACTOR:**

\_\_\_\_\_  
*Name of Entity*

\_\_\_\_\_  
*Name of Entity*

a

a

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
*(State of Domesticity and Entity Type)*

\_\_\_\_\_  
*(State of Domesticity and Entity Type)*

By: \_\_\_\_\_

By: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_



## ***Private Lender Pre-Construction Discussion Items***

1. Building Permit requirements
2. Additional Insured requirements – (general & subcontractors)
3. Project Plan Set availability, if any
4. Quality control is the contractor’s responsibility to adhere to specifications
5. Subcontractor’s contact information list for lien waiver tracking
6. Progress payment submittal requirements
  - a. Spreadsheet format with requested line item levels of completion
  - b. Lien waiver releases
  - c. Invoices for stored materials, services, etc
  - d. Design changes that may impacts costs
  - e. Contingency line item impacts
  - f. Progress Schedule changes
  - g. Copy of building permit cards
  - h. Inspection dates within 48 hours of request
  - i. It’s safe to assume that “If it’s not seen, it’s not going to be funded”
7. Discussion of project schedule, date of agreed work completion
8. Who has authority to approve project changes?



**SECURED INVESTMENT CORP**

# LIST OF SUBCONTRACTORS



Project Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Project Address: \_\_\_\_\_ Project #: \_\_\_\_\_  
 General Contractor: \_\_\_\_\_ Contractor's Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_ Contact: \_\_\_\_\_



**Subcontractor Information**

Trade	Company	Address	Cell Phone	Representative
Grading				
Foundation				
Termite				
Framing				
Roofing				
Electrical				
HVAC				
Plumbing				
Drywall				
Windows				
Doors				
Tile				
Carpet				
Hardwood				
Cabinetry				
Appliances				
Interior Trim				
Fireplace				
Ext. Veneer				
Ext. Trim				
Driveways				
Landscaping				
Irrigation				
Dumb Waiter				



SECURED INVESTMENT CORP

# LIST OF SUBCONTRACTORS/ INSURANCE COVERAGE



Project Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 Project Address: \_\_\_\_\_ Project #: \_\_\_\_\_  
 General Contractor: \_\_\_\_\_ Contractor's Phone: \_\_\_\_\_  
 Address: \_\_\_\_\_ Contact: \_\_\_\_\_



Subcontractor	General Liability	Workman's Compensation
Subcontractor Company	Company	Company
	Dates	Dates
Contact	Coverage	Coverage
Tax ID Number		
Subcontractor Company	Company	Company
	Dates	Dates
Contact	Coverage	Coverage
Tax ID Number		
Subcontractor Company	Company	Company
	Dates	Dates
Contact	Coverage	Coverage
Tax ID Number		
Subcontractor Company	Company	Company
	Dates	Dates
Contact	Coverage	Coverage
Tax ID Number		
Subcontractor Company	Company	Company
	Dates	Dates
Contact	Coverage	Coverage
Tax ID Number		



SECURED INVESTMENT CORP

## LIST OF SUBCONTRACTORS/ INSURANCE COVERAGE

Subcontractor		General Liability	Workman's Compensation
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
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	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		



SECURED INVESTMENT CORP

## LIST OF SUBCONTRACTORS/ INSURANCE COVERAGE

<b>Subcontractor</b>		<b>General Liability</b>	<b>Workman's Compensation</b>
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
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	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
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	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		
Subcontractor Company	Company	Company	Company
	Dates	Dates	Dates
	Contact	Coverage	Coverage
	Tax ID Number		











## **CONTRACTOR'S PAYMENT SUBMITTAL PACKAGE REQUIREMENTS**

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***"THE REHAB PROJECT"  
INVESTOR SUBMITTAL REQUIREMENTS  
FOR  
PROGRESS PAYMENT CONSIDERATION***

1. COMPLETED PROGRESS PAYMENT REQUEST SPREADSHEET
2. CURRENT INVOICES/RECEIPTS (W/CORRESPONDING LINE ITEM NUMBERS)
3. LIEN DOCUMENTS (W/CORRESPONDING LINE ITEM NUMBERS)
4. POTENTIAL PROJECT SCHEDULE/COST CHANGES DETAILED
5. COPIES OF CURRENT PERMIT CARD



## Sample Rehab Construction Work Scope & Budget

	Check Scope Items	Item Description	Budget	% of Area Cost	Owner	Contractor	Sub	Permit Needed?	Estimate Attached?	Work to be done/materials to be used - circle/add notes
100	X	<b>Soft Costs</b>	Budget	%	O	C	S	Permit?	Est?	Notes:
101	<input type="checkbox"/>	Plans		0%						
102	<input type="checkbox"/>	Permits		0%						
103	<input type="checkbox"/>	Architect		0%						
104	<input type="checkbox"/>	Superintendent		0%						
105	<input type="checkbox"/>	Temp Power		0%						
106	<input type="checkbox"/>	Temp Toilet		0%						
107	<input type="checkbox"/>	Temp Water		0%						
108	<input type="checkbox"/>	Dump/Trash		0%						
109	<input type="checkbox"/>	Mob In		0%						
110	<input type="checkbox"/>			0%						
111	<input type="checkbox"/>			0%						
112	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	\$							
			-							
200	X	<b>Electrical</b>	Budget	%	O	C	S	Permit?	Est?	Notes:
201	<input type="checkbox"/>	Panel Main/Subs		0%						
202	<input type="checkbox"/>	Wiring		0%						
203	<input type="checkbox"/>	Outlets		0%						
204	<input type="checkbox"/>	Smoke Alarms		0%						
205	<input type="checkbox"/>	CO Detectors		0%						
206	<input type="checkbox"/>	Cat 5 Cable		0%						
207	<input type="checkbox"/>	Phone Lines		0%						
208	<input type="checkbox"/>	Cable Lines		0%						
209	<input type="checkbox"/>			0%						
210	<input type="checkbox"/>			0%						
211	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	\$							
			-							
300	X	<b>Rough Plumbing</b>	Budget	%	O	C	S	Permit?	Est?	Notes:
301	<input type="checkbox"/>	Septic		0%						
302	<input type="checkbox"/>	Sewer		0%						
303	<input type="checkbox"/>	Water Lines		0%						
304	<input type="checkbox"/>	Traps & Clean-Outs		0%						
305	<input type="checkbox"/>	Piping Vents		0%						
306	<input type="checkbox"/>	Fire Sprinklers		0%						
307	<input type="checkbox"/>			0%						

308	<input type="checkbox"/>			0%						
309	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
400	X	<b>Mechanical</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	<b>Notes:</b>
401	<input type="checkbox"/>	Rough Ductwork		0%						
402	<input type="checkbox"/>	Heating Unit		0%						
403	<input type="checkbox"/>	AC Unit		0%						
404	<input type="checkbox"/>	Heat Pump		0%						
405	<input type="checkbox"/>	Hot Water Tank		0%						
406	<input type="checkbox"/>	Finish Ductwork		0%						
407	<input type="checkbox"/>	Gas Piping		0%						
408	<input type="checkbox"/>			0%						
409	<input type="checkbox"/>			0%						
410	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
500	X	<b>Kitchen</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
501	<input type="checkbox"/>	Demo		0%						
502	<input type="checkbox"/>	Rough Carpentry	<b>\$</b>	0%						
			-							
503	<input type="checkbox"/>	Windows		0%						Repair/Replace
504	<input type="checkbox"/>	Insulation		0%						
505	<input type="checkbox"/>	Drywall		0%						
506	<input type="checkbox"/>	Painting		0%						
507	<input type="checkbox"/>	Cabinets		0%						Replace/Repair/Refinish (circle)
508	<input type="checkbox"/>	Plumbing Fixtures & Finish		0%						
509	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
510	<input type="checkbox"/>	Countertops		0%						Granite/Laminate
511	<input type="checkbox"/>	Appliances		0%						
512	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
513	<input type="checkbox"/>	Hardware & Accessories		0%						
514	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
515	<input type="checkbox"/>	Clean Up		0%						
516	<input type="checkbox"/>			0%						
517	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
600	X	<b>Dining Room</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
601	<input type="checkbox"/>	Demo		0%						
602	<input type="checkbox"/>	Rough Carpentry		0%						

603	<input type="checkbox"/>	Windows		0%						Repair/Replace
604	<input type="checkbox"/>	Insulation		0%						
605	<input type="checkbox"/>	Drywall		0%						
606	<input type="checkbox"/>	Painting		0%						
607	<input type="checkbox"/>	Cabinets		0%						Replace/Repair/Refinish (circle)
608	<input type="checkbox"/>	Doors & Trim		0%						
609	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
610	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
611	<input type="checkbox"/>	Finish Hardware		0%						
612	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
613	<input type="checkbox"/>	Clean Up		0%						
614	<input type="checkbox"/>			0%						
615	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
700	X	<b>Living Room</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
701	<input type="checkbox"/>	Demo		0%						
702	<input type="checkbox"/>	Rough Carpentry		0%						
703	<input type="checkbox"/>	Windows		0%						Repair/Replace
704	<input type="checkbox"/>	Fireplace		0%						
705	<input type="checkbox"/>	Insulation		0%						
706	<input type="checkbox"/>	Drywall		0%						
707	<input type="checkbox"/>	Painting		0%						
708	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
709	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
710	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
711	<input type="checkbox"/>	Finish Hardware		0%						
712	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
713	<input type="checkbox"/>	Clean Up		0%						
714	<input type="checkbox"/>			0%						
715	<input type="checkbox"/>			0%						
716	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
800	X	<b>Family Room</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
801	<input type="checkbox"/>	Demo		0%						
802	<input type="checkbox"/>	Rough Carpentry		0%						
803	<input type="checkbox"/>	Windows		0%						Repair/Replace
804	<input type="checkbox"/>	Fireplace		0%						
805	<input type="checkbox"/>	Insulation		0%						
806	<input type="checkbox"/>	Drywall		0%						

807	<input type="checkbox"/>	Painting		0%						
808	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
809	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
810	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
811	<input type="checkbox"/>	Finish Hardware		0%						
812	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
813	<input type="checkbox"/>	Clean Up		0%						
814	<input type="checkbox"/>			0%						
815	<input type="checkbox"/>			0%						
816	<input type="checkbox"/>			0%						
817	<input type="checkbox"/>			0%						
818	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
900	X	<b>Hallways</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
901	<input type="checkbox"/>	Demo		0%						
902	<input type="checkbox"/>	Rough Carpentry		0%						
903	<input type="checkbox"/>	Windows		0%						Repair/Replace
904	<input type="checkbox"/>	Insulation		0%						
905	<input type="checkbox"/>	Drywall		0%						
906	<input type="checkbox"/>	Painting		0%						
907	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
908	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
909	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
910	<input type="checkbox"/>	Finish Hardware		0%						
911	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
912	<input type="checkbox"/>	Clean Up		0%						
913	<input type="checkbox"/>			0%						
914	<input type="checkbox"/>			0%						
915	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
1000	X	<b>Stairways</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1001	<input type="checkbox"/>	Demo		0%						
1002	<input type="checkbox"/>	Rough Carpentry		0%						
1003	<input type="checkbox"/>	Windows		0%						Repair/Replace
1004	<input type="checkbox"/>	Insulation		0%						
1005	<input type="checkbox"/>	Drywall		0%						
1006	<input type="checkbox"/>	Painting		0%						
1007	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)



1008	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
1009	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
1010	<input type="checkbox"/>	Finish Hardware		0%						
1011	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
1012	<input type="checkbox"/>	Clean Up		0%						
1013	<input type="checkbox"/>			0%						
1014	<input type="checkbox"/>			0%						
1015	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
1100	X	<b>Laundry Room</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1101	<input type="checkbox"/>	Demo		0%						
1102	<input type="checkbox"/>	Rough Carpentry		0%						
1103	<input type="checkbox"/>	Windows		0%						Repair/Replace
1104	<input type="checkbox"/>	Insulation		0%						
1105	<input type="checkbox"/>	Drywall		0%						
1106	<input type="checkbox"/>	Cabinets		0%						Replace/Repair/Refinish (circle)
1107	<input type="checkbox"/>	Painting		0%						
1108	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
1109	<input type="checkbox"/>	Plumbing Fixtures & Finish		0%						
1110	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
1111	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
1112	<input type="checkbox"/>	Finish Hardware		0%						
1113	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
1114	<input type="checkbox"/>	Appliances		0%						
1115	<input type="checkbox"/>	Clean Up		0%						
1116	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
1200	X	<b>Master Bedroom</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1201	<input type="checkbox"/>	Demo		0%						
1202	<input type="checkbox"/>	Rough Carpentry		0%						
1203	<input type="checkbox"/>	Windows		0%						Repair/Replace
1204	<input type="checkbox"/>	Fireplace		0%						
1205	<input type="checkbox"/>	Insulation		0%						
1206	<input type="checkbox"/>	Drywall		0%						
1207	<input type="checkbox"/>	Closets		0%						
1208	<input type="checkbox"/>	Painting		0%						
1209	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
1210	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						

1211	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
1212	<input type="checkbox"/>	Finish Hardware		0%						
1213	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
1214	<input type="checkbox"/>	Clean Up		0%						
1215	<input type="checkbox"/>			0%						
1216	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
1300	X	<b>Bedroom 2</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1301	<input type="checkbox"/>	Demo		0%						
1302	<input type="checkbox"/>	Rough Carpentry		0%						
1303	<input type="checkbox"/>	Windows		0%						Repair/Replace
1304	<input type="checkbox"/>	Insulation		0%						
1305	<input type="checkbox"/>	Drywall		0%						
1306	<input type="checkbox"/>	Closets		0%						
1307	<input type="checkbox"/>	Painting		0%						
1308	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
1309	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
1310	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
1311	<input type="checkbox"/>	Finish Hardware		0%						
1312	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
1313	<input type="checkbox"/>	Clean Up		0%						
1314	<input type="checkbox"/>			0%						
1315	<input type="checkbox"/>			0%						
1316	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
1400	X	<b>Bedroom 3</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1401	<input type="checkbox"/>	Demo		0%						
1402	<input type="checkbox"/>	Rough Carpentry		0%						
1403	<input type="checkbox"/>	Windows		0%						Repair/Replace
1404	<input type="checkbox"/>	Insulation		0%						
1405	<input type="checkbox"/>	Drywall		0%						
1406	<input type="checkbox"/>	Closets		0%						
1407	<input type="checkbox"/>	Painting		0%						
1408	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
1409	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
1410	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
1411	<input type="checkbox"/>	Finish Hardware		0%						
1412	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
1413	<input type="checkbox"/>	Clean Up		0%						

1414	<input type="checkbox"/>			0%						
1415	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
1500	X	<b>Bedroom 4/Den</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1501	<input type="checkbox"/>	Demo		0%						
1502	<input type="checkbox"/>	Rough Carpentry		0%						
1503	<input type="checkbox"/>	Windows		0%						Repair/Replace
1504	<input type="checkbox"/>	Insulation		0%						
1505	<input type="checkbox"/>	Drywall		0%						
1506	<input type="checkbox"/>	Closets		0%						
1507	<input type="checkbox"/>	Painting		0%						
1508	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
1509	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
1510	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
1511	<input type="checkbox"/>	Finish Hardware		0%						
1512	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
1513	<input type="checkbox"/>	Clean Up		0%						
1514	<input type="checkbox"/>			0%						
1515	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
1600	X	<b>Master Bathroom</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1601	<input type="checkbox"/>	Demo		0%						
1602	<input type="checkbox"/>	Rough Carpentry		0%						
1603	<input type="checkbox"/>	Windows		0%						Repair/Replace
1604	<input type="checkbox"/>	Insulation		0%						
1605	<input type="checkbox"/>	Drywall		0%						
1606	<input type="checkbox"/>	Cabinets/Medicine Chest		0%						Replace/Repair/Refinish (circle)
1607	<input type="checkbox"/>	Painting		0%						
1608	<input type="checkbox"/>	Tub/Shower & Enclosure		0%						
1609	<input type="checkbox"/>	Plumbing Fixtures		0%						Sink/Toilet/Faucet/Shower Head
1610	<input type="checkbox"/>	Plumbing Finish		0%						
1611	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
1612	<input type="checkbox"/>	Electrical Fixtures & Finish		0%						
1613	<input type="checkbox"/>	Finish Carpentry		0%						Baseboards/Crown Molding
1614	<input type="checkbox"/>	Hardware & Accessories		0%						
1615	<input type="checkbox"/>	Flooring		0%						Tile/Hardwood/Carpet/Vinyl
1616	<input type="checkbox"/>	Clean Up		0%						
1617	<input type="checkbox"/>			0%						

		<b>Total Cost</b>	<b>\$</b>							
		<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>		
1700	X	<b>Bathroom 2</b>								
1701	<input type="checkbox"/>	Demo	0%							
1702	<input type="checkbox"/>	Rough Carpentry	0%							
1703	<input type="checkbox"/>	Windows	0%							Repair/Replace
1704	<input type="checkbox"/>	Insulation	0%							
1705	<input type="checkbox"/>	Drywall	0%							
1706	<input type="checkbox"/>	Cabinets/Medicine Chest	0%							Replace/Repair/Refinish (circle)
1707	<input type="checkbox"/>	Painting	0%							
1708	<input type="checkbox"/>	Tub/Shower & Enclosure	0%							
1709	<input type="checkbox"/>	Plumbing Fixtures	0%							Sink/Toilet/Faucet/Shower Head
1710	<input type="checkbox"/>	Plumbing Finish	0%							
1711	<input type="checkbox"/>	Doors & Trim	0%							Replace/Repair/Refinish (circle)
1712	<input type="checkbox"/>	Electrical Fixtures & Finish	0%							
1713	<input type="checkbox"/>	Finish Carpentry	0%							Baseboards/Crown Molding
1714	<input type="checkbox"/>	Hardware & Accessories	0%							
1715	<input type="checkbox"/>	Flooring	0%							Tile/Hardwood/Carpet/Vinyl
1716	<input type="checkbox"/>	Clean Up	0%							
1717	<input type="checkbox"/>		0%							
		<b>Total Cost</b>	<b>\$</b>							
		<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>		
1800	X	<b>Bathroom 3</b>								
1801	<input type="checkbox"/>	Demo	0%							
1802	<input type="checkbox"/>	Rough Carpentry	0%							
1803	<input type="checkbox"/>	Windows	0%							Repair/Replace
1804	<input type="checkbox"/>	Insulation	0%							
1805	<input type="checkbox"/>	Drywall	0%							
1806	<input type="checkbox"/>	Cabinets/Medicine Chest	0%							Replace/Repair/Refinish (circle)
1807	<input type="checkbox"/>	Painting	0%							
1808	<input type="checkbox"/>	Tub/Shower & Enclosure	0%							
1809	<input type="checkbox"/>	Plumbing Fixtures	0%							Sink/Toilet/Faucet/Shower Head
1810	<input type="checkbox"/>	Plumbing Finish	0%							
1811	<input type="checkbox"/>	Doors & Trim	0%							Replace/Repair/Refinish (circle)
1812	<input type="checkbox"/>	Electrical Fixtures & Finish	0%							
1813	<input type="checkbox"/>	Finish Carpentry	0%							Baseboards/Crown Molding
1814	<input type="checkbox"/>	Hardware & Accessories	0%							
1815	<input type="checkbox"/>	Flooring	0%							Tile/Hardwood/Carpet/Vinyl
1816	<input type="checkbox"/>	Clean Up	0%							
1817	<input type="checkbox"/>		0%							

		<b>Total Cost</b>	<b>\$</b>							
			-							
1900	X	<b>Garage</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	
1901	<input type="checkbox"/>	Demo		0%						
1902	<input type="checkbox"/>	Rough Carpentry		0%						
1903	<input type="checkbox"/>	Windows		0%						Repair/Replace
1904	<input type="checkbox"/>	Insulation		0%						
1905	<input type="checkbox"/>	Drywall		0%						
1906	<input type="checkbox"/>	Cabinets		0%						Replace/Repair/Refinish (circle)
1907	<input type="checkbox"/>	Painting		0%						
1908	<input type="checkbox"/>	Doors & Trim		0%						Replace/Repair/Refinish (circle)
1909	<input type="checkbox"/>	Garage Door		0%						
1910	<input type="checkbox"/>	Garage Door Opener		0%						
1911	<input type="checkbox"/>	Flooring		0%						
1912	<input type="checkbox"/>	Clean Up		0%						
1913	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
2000	X	<b>Exterior</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	<b>Notes:</b>
2001	<input type="checkbox"/>	Roofing & Facia		0%						
2002	<input type="checkbox"/>	Truss Repair		0%						
2003	<input type="checkbox"/>	Venting Replacement		0%						
2004	<input type="checkbox"/>	Painting/Stucco		0%						
2005	<input type="checkbox"/>	Siding & Trim		0%						
2006	<input type="checkbox"/>	Decking/Porches		0%						
2007	<input type="checkbox"/>	Landings/Stairways		0%						
2008	<input type="checkbox"/>	Gutters/Downspouts		0%						
2009	<input type="checkbox"/>	Entry Doors		0%						
2010	<input type="checkbox"/>	Landscaping		0%						
2011	<input type="checkbox"/>	Patio		0%						
2012	<input type="checkbox"/>	Flatwork/Walks		0%						
2014	<input type="checkbox"/>	Driveway		0%						
2015	<input type="checkbox"/>	Pool/Spa		0%						
2016	<input type="checkbox"/>	Trash Enclosure		0%						
2013	<input type="checkbox"/>	Mail Box		0%						
2014	<input type="checkbox"/>	Clean Up		0%						
2015	<input type="checkbox"/>			0%						
2016	<input type="checkbox"/>			0%						
2017	<input type="checkbox"/>			0%						
		<b>Total Cost</b>	<b>\$</b>							
			-							
2100	X	<b>Other...</b>	<b>Budget</b>	<b>%</b>	<b>O</b>	<b>C</b>	<b>S</b>	<b>Permit?</b>	<b>Est?</b>	<b>Notes:</b>

2101				0%						
2102				0%						
2103				0%						
2104				0%						
2105				0%						
2106				0%						
2107				0%						
2108				0%						
2109				0%						
2110				0%						
2111				0%						
2112				0%						
2113				0%						
2114				0%						
2115				0%						
2116				0%						
2117				0%						
2118				0%						
2119				0%						
2120				0%						
			<b>Total Cost</b>	\$						
				-						

## Sample Rehab Budget Spreadsheet for Draw Requests


























		Item Description	Budget Amount	Draw 1	Draw 2	Draw 3	Draw 4	Draw 5	Draw 6	Draw 7	Drawn to Date	Remaining Balance	%
100	X	Soft Costs		Date	Date	Date	Date	Date	Date	Date			
101	<input type="checkbox"/>	Plans									\$0.00	\$0.00	0%
102	<input type="checkbox"/>	Permits									\$0.00	\$0.00	0%
103	<input type="checkbox"/>	Architect									\$0.00	\$0.00	0%
104	<input type="checkbox"/>	Superintendent									\$0.00	\$0.00	0%
105	<input type="checkbox"/>	Temp Power									\$0.00	\$0.00	0%
106	<input type="checkbox"/>	Temp Toilet									\$0.00	\$0.00	0%
107	<input type="checkbox"/>	Temp Water									\$0.00	\$0.00	0%
108	<input type="checkbox"/>	Dump/Trash									\$0.00	\$0.00	0%
109	<input type="checkbox"/>	Mob In									\$0.00	\$0.00	0%
110	<input type="checkbox"/>										\$0.00	\$0.00	0%
111	<input type="checkbox"/>										\$0.00	\$0.00	0%
112	<input type="checkbox"/>										\$0.00	\$0.00	0%
<b>Total Cost</b>			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
200	X	Electrical											
201	<input type="checkbox"/>	Panel Main/Subs									\$0.00	\$0.00	0%
202	<input type="checkbox"/>	Wiring									\$0.00	\$0.00	0%
203	<input type="checkbox"/>	Outlets									\$0.00	\$0.00	0%
204	<input type="checkbox"/>	Smoke Alarms									\$0.00	\$0.00	0%
205	<input type="checkbox"/>	CO Detectors									\$0.00	\$0.00	0%
206	<input type="checkbox"/>	Cat 5 Cable									\$0.00	\$0.00	0%
207	<input type="checkbox"/>	Phone Lines									\$0.00	\$0.00	0%
208	<input type="checkbox"/>	Cable Lines									\$0.00	\$0.00	0%
209	<input type="checkbox"/>										\$0.00	\$0.00	0%
210	<input type="checkbox"/>										\$0.00	\$0.00	0%
211	<input type="checkbox"/>										\$0.00	\$0.00	0%





504	■	Insulation																\$0.00	<b>\$0.00</b>	0%
505	■	Drywall																\$0.00	<b>\$0.00</b>	0%
506	■	Painting																\$0.00	<b>\$0.00</b>	0%
507	■	Cabinets																\$0.00	<b>\$0.00</b>	0%
508	■	Plumbing Fixtures & Finish																\$0.00	<b>\$0.00</b>	0%
509	■	Electrical Fixtures & Finish																\$0.00	<b>\$0.00</b>	0%
510	■	Countertops																\$0.00	<b>\$0.00</b>	0%
511	■	Appliances																\$0.00	<b>\$0.00</b>	0%
512	■	Finish Carpentry																\$0.00	<b>\$0.00</b>	0%
513	■	Hardware & Accessories																\$0.00	<b>\$0.00</b>	0%
514	■	Flooring																\$0.00	<b>\$0.00</b>	0%
515	■	Clean Up																\$0.00	<b>\$0.00</b>	0%
516	■																	\$0.00	<b>\$0.00</b>	0%
517	■																	\$0.00	<b>\$0.00</b>	0%
<b>\$</b>																				
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0%
<b>600</b>	<b>x</b>	<b>Dining Room</b>																		
601	■	Demo																\$0.00	<b>\$0.00</b>	0%
602	■	Rough Carpentry																\$0.00	<b>\$0.00</b>	0%
603	■	Windows																\$0.00	<b>\$0.00</b>	0%
604	■	Insulation																\$0.00	<b>\$0.00</b>	0%
605	■	Drywall																\$0.00	<b>\$0.00</b>	0%
606	■	Painting																\$0.00	<b>\$0.00</b>	0%
607	■	Cabinets																\$0.00	<b>\$0.00</b>	0%
608	■	Doors & Trim																\$0.00	<b>\$0.00</b>	0%
609	■	Electrical Fixtures & Finish																\$0.00	<b>\$0.00</b>	0%
610	■	Finish Carpentry																\$0.00	<b>\$0.00</b>	0%
611	■	Finish Hardware																\$0.00	<b>\$0.00</b>	0%
612	■	Flooring																\$0.00	<b>\$0.00</b>	0%
613	■	Clean Up																\$0.00	<b>\$0.00</b>	0%
614	■																	\$0.00	<b>\$0.00</b>	0%

615																	\$0.00	<b>\$0.00</b>	0%	
<b>\$</b>																				
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%	
<b>700</b>	<b>x</b>	<b>Living Room</b>																		
701		Demo																\$0.00	<b>\$0.00</b>	0%
702		Rough Carpentry																\$0.00	<b>\$0.00</b>	0%
703		Windows																\$0.00	<b>\$0.00</b>	0%
704		Fireplace																\$0.00	<b>\$0.00</b>	0%
705		Insulation																\$0.00	<b>\$0.00</b>	0%
706		Drywall																\$0.00	<b>\$0.00</b>	0%
707		Painting																\$0.00	<b>\$0.00</b>	0%
708		Doors & Trim																\$0.00	<b>\$0.00</b>	0%
709		Electrical Fixtures & Finish																\$0.00	<b>\$0.00</b>	0%
710		Finish Carpentry																\$0.00	<b>\$0.00</b>	0%
711		Finish Hardware																\$0.00	<b>\$0.00</b>	0%
712		Flooring																\$0.00	<b>\$0.00</b>	0%
713		Clean Up																\$0.00	<b>\$0.00</b>	0%
714																		\$0.00	<b>\$0.00</b>	0%
715																		\$0.00	<b>\$0.00</b>	0%
716																		\$0.00	<b>\$0.00</b>	0%
<b>\$</b>																				
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%	
<b>800</b>	<b>x</b>	<b>Family Room</b>																		
801		Demo																\$0.00	<b>\$0.00</b>	0%
802		Rough Carpentry																\$0.00	<b>\$0.00</b>	0%
803		Windows																\$0.00	<b>\$0.00</b>	0%
804		Fireplace																\$0.00	<b>\$0.00</b>	0%
805		Insulation																\$0.00	<b>\$0.00</b>	0%
806		Drywall																\$0.00	<b>\$0.00</b>	0%
807		Painting																\$0.00	<b>\$0.00</b>	0%
808		Doors & Trim																\$0.00	<b>\$0.00</b>	0%

809		Electrical Fixtures & Finish	\$0.00	<b>\$0.00</b>	0%
810		Finish Carpentry	\$0.00	<b>\$0.00</b>	0%
811		Finish Hardware	\$0.00	<b>\$0.00</b>	0%
812		Flooring	\$0.00	<b>\$0.00</b>	0%
813		Clean Up	\$0.00	<b>\$0.00</b>	0%
814			\$0.00	<b>\$0.00</b>	0%
815			\$0.00	<b>\$0.00</b>	0%
816			\$0.00	<b>\$0.00</b>	0%
817			\$0.00	<b>\$0.00</b>	0%
818			\$0.00	<b>\$0.00</b>	0%
<b>Total Cost</b>			\$	-	0%
<b>900</b>	<b>x</b>	<b>Hallways</b>	\$	-	0%
901		Demo	\$0.00	<b>\$0.00</b>	0%
902		Rough Carpentry	\$0.00	<b>\$0.00</b>	0%
903		Windows	\$0.00	<b>\$0.00</b>	0%
904		Insulation	\$0.00	<b>\$0.00</b>	0%
905		Drywall	\$0.00	<b>\$0.00</b>	0%
906		Painting	\$0.00	<b>\$0.00</b>	0%
907		Doors & Trim	\$0.00	<b>\$0.00</b>	0%
908		Electrical Fixtures & Finish	\$0.00	<b>\$0.00</b>	0%
909		Finish Carpentry	\$0.00	<b>\$0.00</b>	0%
910		Finish Hardware	\$0.00	<b>\$0.00</b>	0%
911		Flooring	\$0.00	<b>\$0.00</b>	0%
912		Clean Up	\$0.00	<b>\$0.00</b>	0%
913			\$0.00	<b>\$0.00</b>	0%
914			\$0.00	<b>\$0.00</b>	0%
915			\$0.00	<b>\$0.00</b>	0%
<b>Total Cost</b>			\$	-	0%

1000	x	Stairways																																		
1001	<input type="checkbox"/>	Demo																\$0.00	\$0.00	0%																
1002	<input type="checkbox"/>	Rough Carpentry																	\$0.00	\$0.00	0%															
1003	<input type="checkbox"/>	Windows																	\$0.00	\$0.00	0%															
1004	<input type="checkbox"/>	Insulation																	\$0.00	\$0.00	0%															
1005	<input type="checkbox"/>	Drywall																	\$0.00	\$0.00	0%															
1006	<input type="checkbox"/>	Painting																	\$0.00	\$0.00	0%															
1007	<input type="checkbox"/>	Doors & Trim																	\$0.00	\$0.00	0%															
1008	<input type="checkbox"/>	Electrical Fixtures & Finish																	\$0.00	\$0.00	0%															
1009	<input type="checkbox"/>	Finish Carpentry																	\$0.00	\$0.00	0%															
1010	<input type="checkbox"/>	Finish Hardware																	\$0.00	\$0.00	0%															
1011	<input type="checkbox"/>	Flooring																	\$0.00	\$0.00	0%															
1012	<input type="checkbox"/>	Clean Up																	\$0.00	\$0.00	0%															
1013	<input type="checkbox"/>																		\$0.00	\$0.00	0%															
1014	<input type="checkbox"/>																		\$0.00	\$0.00	0%															
1015	<input type="checkbox"/>																		\$0.00	\$0.00	0%															
<b>Total Cost</b>																\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%
1100	x	Laundry Room																																		
1101	<input type="checkbox"/>	Demo																		\$0.00	\$0.00	0%														
1102	<input type="checkbox"/>	Rough Carpentry																		\$0.00	\$0.00	0%														
1103	<input type="checkbox"/>	Windows																		\$0.00	\$0.00	0%														
1104	<input type="checkbox"/>	Insulation																		\$0.00	\$0.00	0%														
1105	<input type="checkbox"/>	Drywall																		\$0.00	\$0.00	0%														
1106	<input type="checkbox"/>	Cabinets																		\$0.00	\$0.00	0%														
1107	<input type="checkbox"/>	Painting																		\$0.00	\$0.00	0%														
1108	<input type="checkbox"/>	Doors & Trim																		\$0.00	\$0.00	0%														
1109	<input type="checkbox"/>	Plumbing Fixtures & Finish																		\$0.00	\$0.00	0%														
1110	<input type="checkbox"/>	Electrical Fixtures & Finish																		\$0.00	\$0.00	0%														
1111	<input type="checkbox"/>	Finish Carpentry																		\$0.00	\$0.00	0%														





























1112	■	Finish Hardware																\$0.00	<b>\$0.00</b>	0%	
1113	■	Flooring																\$0.00	<b>\$0.00</b>	0%	
1114	■	Appliances																\$0.00	<b>\$0.00</b>	0%	
1115	■	Clean Up																\$0.00	<b>\$0.00</b>	0%	
1116	■																	\$0.00	<b>\$0.00</b>	0%	
<b>\$</b>																					
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%
<b>1200</b>	<b>x</b>	<b>Master Bedroom</b>																			
1201	■	Demo																	\$0.00	<b>\$0.00</b>	0%
1202	■	Rough Carpentry																	\$0.00	<b>\$0.00</b>	0%
1203	■	Windows																	\$0.00	<b>\$0.00</b>	0%
1204	■	Fireplace																	\$0.00	<b>\$0.00</b>	0%
1205	■	Insulation																	\$0.00	<b>\$0.00</b>	0%
1206	■	Drywall																	\$0.00	<b>\$0.00</b>	0%
1207	■	Closets																	\$0.00	<b>\$0.00</b>	0%
1208	■	Painting																	\$0.00	<b>\$0.00</b>	0%
1209	■	Doors & Trim																	\$0.00	<b>\$0.00</b>	0%
1210	■	Electrical Fixtures & Finish																	\$0.00	<b>\$0.00</b>	0%
1211	■	Finish Carpentry																	\$0.00	<b>\$0.00</b>	0%
1212	■	Finish Hardware																	\$0.00	<b>\$0.00</b>	0%
1213	■	Flooring																	\$0.00	<b>\$0.00</b>	0%
1214	■	Clean Up																	\$0.00	<b>\$0.00</b>	0%
1215	■																		\$0.00	<b>\$0.00</b>	0%
1216	■																		\$0.00	<b>\$0.00</b>	0%
<b>\$</b>																					
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%
<b>1300</b>	<b>x</b>	<b>Bedroom 2</b>																			
1301	■	Demo																	\$0.00	<b>\$0.00</b>	0%
1302	■	Rough Carpentry																	\$0.00	<b>\$0.00</b>	0%
1303	■	Windows																	\$0.00	<b>\$0.00</b>	0%
1304	■	Insulation																	\$0.00	<b>\$0.00</b>	0%

1305	■	Drywall																	\$0.00	<b>\$0.00</b>	0%
1306	■	Closets																	\$0.00	<b>\$0.00</b>	0%
1307	■	Painting																	\$0.00	<b>\$0.00</b>	0%
1308	■	Doors & Trim																	\$0.00	<b>\$0.00</b>	0%
1309	■	Electrical Fixtures & Finish																	\$0.00	<b>\$0.00</b>	0%
1310	■	Finish Carpentry																	\$0.00	<b>\$0.00</b>	0%
1311	■	Finish Hardware																	\$0.00	<b>\$0.00</b>	0%
1312	■	Flooring																	\$0.00	<b>\$0.00</b>	0%
1313	■	Clean Up																	\$0.00	<b>\$0.00</b>	0%
1314	■																		\$0.00	<b>\$0.00</b>	0%
1315	■																		\$0.00	<b>\$0.00</b>	0%
1316	■																		\$0.00	<b>\$0.00</b>	0%
<b>\$</b>																					
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%
<b>1400</b>	<b>x</b>	<b>Bedroom 3</b>																			
1401	■	Demo																	\$0.00	<b>\$0.00</b>	0%
1402	■	Rough Carpentry																	\$0.00	<b>\$0.00</b>	0%
1403	■	Windows																	\$0.00	<b>\$0.00</b>	0%
1404	■	Insulation																	\$0.00	<b>\$0.00</b>	0%
1405	■	Drywall																	\$0.00	<b>\$0.00</b>	0%
1406	■	Closets																	\$0.00	<b>\$0.00</b>	0%
1407	■	Painting																	\$0.00	<b>\$0.00</b>	0%
1408	■	Doors & Trim																	\$0.00	<b>\$0.00</b>	0%
1409	■	Electrical Fixtures & Finish																	\$0.00	<b>\$0.00</b>	0%
1410	■	Finish Carpentry																	\$0.00	<b>\$0.00</b>	0%
1411	■	Finish Hardware																	\$0.00	<b>\$0.00</b>	0%
1412	■	Flooring																	\$0.00	<b>\$0.00</b>	0%
1413	■	Clean Up																	\$0.00	<b>\$0.00</b>	0%
1414	■																		\$0.00	<b>\$0.00</b>	0%
1415	■																		\$0.00	<b>\$0.00</b>	0%



















1611	<input type="checkbox"/>	Doors & Trim																\$0.00	<b>\$0.00</b>	0%	
1612	<input type="checkbox"/>	Electrical Fixtures & Finish																\$0.00	<b>\$0.00</b>	0%	
1613	<input type="checkbox"/>	Finish Carpentry																\$0.00	<b>\$0.00</b>	0%	
1614	<input type="checkbox"/>	Hardware & Accessories																\$0.00	<b>\$0.00</b>	0%	
1615	<input type="checkbox"/>	Flooring																\$0.00	<b>\$0.00</b>	0%	
1616	<input type="checkbox"/>	Clean Up																\$0.00	<b>\$0.00</b>	0%	
1617	<input type="checkbox"/>																	\$0.00	<b>\$0.00</b>	0%	
<b>\$</b>																					
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%
<b>1700</b>	<b>x</b>	<b>Bathroom 2</b>																			
1701	<input type="checkbox"/>	Demo																\$0.00	<b>\$0.00</b>	0%	
1702	<input type="checkbox"/>	Rough Carpentry																\$0.00	<b>\$0.00</b>	0%	
1703	<input type="checkbox"/>	Windows																\$0.00	<b>\$0.00</b>	0%	
1704	<input type="checkbox"/>	Insulation																\$0.00	<b>\$0.00</b>	0%	
1705	<input type="checkbox"/>	Drywall																\$0.00	<b>\$0.00</b>	0%	
1706	<input type="checkbox"/>	Cabinets/Medicine Chest																\$0.00	<b>\$0.00</b>	0%	
1707	<input type="checkbox"/>	Painting																\$0.00	<b>\$0.00</b>	0%	
1708	<input type="checkbox"/>	Tub/Shower & Enclosure																\$0.00	<b>\$0.00</b>	0%	
1709	<input type="checkbox"/>	Plumbing Fixtures																\$0.00	<b>\$0.00</b>	0%	
1710	<input type="checkbox"/>	Plumbing Finish																\$0.00	<b>\$0.00</b>	0%	
1711	<input type="checkbox"/>	Doors & Trim																\$0.00	<b>\$0.00</b>	0%	
1712	<input type="checkbox"/>	Electrical Fixtures & Finish																\$0.00	<b>\$0.00</b>	0%	
1713	<input type="checkbox"/>	Finish Carpentry																\$0.00	<b>\$0.00</b>	0%	
1714	<input type="checkbox"/>	Hardware & Accessories																\$0.00	<b>\$0.00</b>	0%	
1715	<input type="checkbox"/>	Flooring																\$0.00	<b>\$0.00</b>	0%	
1716	<input type="checkbox"/>	Clean Up																\$0.00	<b>\$0.00</b>	0%	
1717	<input type="checkbox"/>																	\$0.00	<b>\$0.00</b>	0%	
<b>\$</b>																					
<b>Total Cost</b>			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%
<b>1800</b>	<b>x</b>	<b>Bathroom 3</b>																			
1801	<input type="checkbox"/>	Demo																\$0.00	<b>\$0.00</b>	0%	



1802		Rough Carpentry	\$0.00	<b>\$0.00</b>	0%
1803		Windows	\$0.00	<b>\$0.00</b>	0%
1804		Insulation	\$0.00	<b>\$0.00</b>	0%
1805		Drywall	\$0.00	<b>\$0.00</b>	0%
1806		Cabinets/Medicine Chest	\$0.00	<b>\$0.00</b>	0%
1807		Painting	\$0.00	<b>\$0.00</b>	0%
1808		Tub/Shower & Enclosure	\$0.00	<b>\$0.00</b>	0%
1809		Plumbing Fixtures	\$0.00	<b>\$0.00</b>	0%
1810		Plumbing Finish	\$0.00	<b>\$0.00</b>	0%
1811		Doors & Trim	\$0.00	<b>\$0.00</b>	0%
1812		Electrical Fixtures & Finish	\$0.00	<b>\$0.00</b>	0%
1813		Finish Carpentry	\$0.00	<b>\$0.00</b>	0%
1814		Hardware & Accessories	\$0.00	<b>\$0.00</b>	0%
1815		Flooring	\$0.00	<b>\$0.00</b>	0%
1816		Clean Up	\$0.00	<b>\$0.00</b>	0%
1817			\$0.00	<b>\$0.00</b>	0%
<b>Total Cost</b>			\$ -	\$ -	0%
			\$ -	\$ -	0%
<b>1900</b>	<b>x</b>	<b>Garage</b>			
1901		Demo	\$0.00	<b>\$0.00</b>	0%
1902		Rough Carpentry	\$0.00	<b>\$0.00</b>	0%
1903		Windows	\$0.00	<b>\$0.00</b>	0%
1904		Insulation	\$0.00	<b>\$0.00</b>	0%
1905		Drywall	\$0.00	<b>\$0.00</b>	0%
1906		Cabinets	\$0.00	<b>\$0.00</b>	0%
1907		Painting	\$0.00	<b>\$0.00</b>	0%
1908		Doors & Trim	\$0.00	<b>\$0.00</b>	0%
1909		Garage Door	\$0.00	<b>\$0.00</b>	0%
1910		Garage Door Opener	\$0.00	<b>\$0.00</b>	0%
1911		Flooring	\$0.00	<b>\$0.00</b>	0%
1912		Clean Up	\$0.00	<b>\$0.00</b>	0%

1913	<input checked="" type="checkbox"/>															\$0.00	<b>\$0.00</b>	0%		
<b>Total Cost</b>																	\$	-	-	0%
<b>2000</b>	<b>x</b>	<b>Exterior</b>																		
2001	<input checked="" type="checkbox"/>	Roofing & Fascia															\$0.00	<b>\$0.00</b>	0%	
2002	<input checked="" type="checkbox"/>	Truss Repair															\$0.00	<b>\$0.00</b>	0%	
2003	<input checked="" type="checkbox"/>	Venting Replacement															\$0.00	<b>\$0.00</b>	0%	
2004	<input checked="" type="checkbox"/>	Painting/Stucco															\$0.00	<b>\$0.00</b>	0%	
2005	<input checked="" type="checkbox"/>	Siding & Trim															\$0.00	<b>\$0.00</b>	0%	
2006	<input checked="" type="checkbox"/>	Decking/Porches															\$0.00	<b>\$0.00</b>	0%	
2007	<input checked="" type="checkbox"/>	Landings/Stairways															\$0.00	<b>\$0.00</b>	0%	
2008	<input checked="" type="checkbox"/>	Gutters/Downspouts															\$0.00	<b>\$0.00</b>	0%	
2009	<input checked="" type="checkbox"/>	Entry Doors															\$0.00	<b>\$0.00</b>	0%	
2010	<input checked="" type="checkbox"/>	Landscaping															\$0.00	<b>\$0.00</b>	0%	
2011	<input checked="" type="checkbox"/>	Patio															\$0.00	<b>\$0.00</b>	0%	
2012	<input checked="" type="checkbox"/>	Flatwork/Walks															\$0.00	<b>\$0.00</b>	0%	
2014	<input checked="" type="checkbox"/>	Driveway															\$0.00	<b>\$0.00</b>	0%	
2015	<input checked="" type="checkbox"/>	Pool/Spa															\$0.00	<b>\$0.00</b>	0%	
2016	<input checked="" type="checkbox"/>	Trash Enclosure															\$0.00	<b>\$0.00</b>	0%	
2013	<input checked="" type="checkbox"/>	Mail Box															\$0.00	<b>\$0.00</b>	0%	
2014	<input checked="" type="checkbox"/>	Clean Up															\$0.00	<b>\$0.00</b>	0%	
2015	<input checked="" type="checkbox"/>																\$0.00	<b>\$0.00</b>	0%	
2016	<input checked="" type="checkbox"/>																\$0.00	<b>\$0.00</b>	0%	
2017	<input checked="" type="checkbox"/>																\$0.00	<b>\$0.00</b>	0%	
<b>Total Cost</b>																	\$	-	-	0%
<b>2100</b>	<b>x</b>	<b>Other...</b>																		
2101	<input checked="" type="checkbox"/>																\$0.00	<b>\$0.00</b>	0%	
2102	<input checked="" type="checkbox"/>																\$0.00	<b>\$0.00</b>	0%	
2103	<input checked="" type="checkbox"/>																\$0.00	<b>\$0.00</b>	0%	
2104	<input checked="" type="checkbox"/>																\$0.00	<b>\$0.00</b>	0%	

2105																				\$0.00	<b>\$0.00</b>	0%
2106																				\$0.00	<b>\$0.00</b>	0%
2107																				\$0.00	<b>\$0.00</b>	0%
2108																				\$0.00	<b>\$0.00</b>	0%
2109																				\$0.00	<b>\$0.00</b>	0%
2110																				\$0.00	<b>\$0.00</b>	0%
2111																				\$0.00	<b>\$0.00</b>	0%
2112																				\$0.00	<b>\$0.00</b>	0%
2113																				\$0.00	<b>\$0.00</b>	0%
2114																				\$0.00	<b>\$0.00</b>	0%
2115																				\$0.00	<b>\$0.00</b>	0%
2116																				\$0.00	<b>\$0.00</b>	0%
2117																				\$0.00	<b>\$0.00</b>	0%
2118																				\$0.00	<b>\$0.00</b>	0%
2119																				\$0.00	<b>\$0.00</b>	0%
2120																				\$0.00	<b>\$0.00</b>	0%
																				<b>\$</b>		
<b>Total Cost</b>		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	0%
																				<b>\$</b>		
<b>PROJECT TOTAL</b>		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	<b>0%</b>



## Alternate Sample Budget Spreadsheet for Draw Request

**ABC House**  
**123 Main Street**  
**Great City, ID 12345**

Item #	Description	Original Budget	Line Item Transfer #1	Line Item Transfer #2	Current Budget	Draw Request #1	Draw Request #2	Draw Request #3	Draw Request #4	Draw Request #5	Draw Request #6	Paid to Date	% Pending	Budget Remaining
<b>2/19/2014</b>						<b>4/14/2014</b>								
Soft	Fees/Permits			7,000.00\$		7,000.00\$		7,000.00\$	7,000.00\$			100%		-\$
Soft	Plans			1,200.00\$		1,200.00\$		1,000.00\$	1,000.00\$			83%		200.00\$
<b>Total Soft Costs</b>	<b>8,200.00\$</b>	<b>8,200.00\$</b>		<b>1,000.00\$</b>	<b>7,000.00\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>8,000.00\$</b>		<b>98%</b>	<b>200.00\$</b>
Misc	CDB Labor (Carpentry)			30,000.00\$		30,000.00\$		9,600.00\$	9,600.00\$		19,200.00\$	64%		10,800.00\$
Interior	Trim and Baseboards			1,300.00\$		1,300.00\$		-\$				0%		1,300.00\$
Interior	Closet Doors			600.00\$		600.00\$		-\$				0%		600.00\$
Interior	Interior Paint			800.00\$		800.00\$		-\$				0%		800.00\$
Interior	Drywall Repair/Texture			500.00\$		500.00\$		480.00\$	480.00\$			96%		20.00\$
Interior	Plumbing Repair			500.00\$		500.00\$		500.00\$	500.00\$			100%		-\$
Interior	Framing			600.00\$		600.00\$		600.00\$	600.00\$			100%		-\$
Interior	Demo/Dump Loads			1,200.00\$		1,200.00\$		1,200.00\$	1,200.00\$			100%		-\$
Interior	Kitchen Cabinets			6,500.00\$		6,500.00\$		650.00\$	650.00\$			10%		5,850.00\$
Interior	Appliances			1,600.00\$		1,600.00\$		-\$				0%		1,600.00\$
Interior	Tile Backsplash			400.00\$		400.00\$		-\$				0%		400.00\$
Interior	Plugs/Switches/Ground Wire			600.00\$		600.00\$		-\$				0%		600.00\$
Interior	Lights/Fans			900.00\$		900.00\$		-\$				0%		900.00\$
Interior	Laminate Flooring			2,300.00\$		2,300.00\$		-\$				0%		2,300.00\$
Interior	Water Heater			500.00\$		500.00\$		500.00\$	500.00\$			100%		-\$
Interior	HVAC			4,000.00\$		4,000.00\$		4,000.00\$	4,000.00\$			100%		-\$
Interior	Run New Gas Line/Propane			3,000.00\$		3,000.00\$		-\$				0%		3,000.00\$
Exterior	Windows/Doors			7,500.00\$		7,500.00\$		7,500.00\$	7,500.00\$			100%		-\$
Exterior	Deck Repair			1,200.00\$		1,200.00\$		-\$				0%		1,200.00\$
Exterior	Exterior Paint			500.00\$		500.00\$		300.00\$	300.00\$			60%		200.00\$
Exterior	Fencing/Gate			5,000.00\$		5,000.00\$		-\$				0%		5,000.00\$
Exterior	Garage Repair			1,500.00\$		1,500.00\$		1,500.00\$	1,500.00\$			100%		-\$
Exterior	Roof Structural Repairs			600.00\$		600.00\$		600.00\$	600.00\$			0%		600.00\$
Exterior	Add Venting at Roof			200.00\$		200.00\$		200.00\$	200.00\$			100%		-\$
Exterior	Retaining Wall Repair			600.00\$		600.00\$		-\$				0%		600.00\$
Labor	Roof Replacement			12,200.00\$		12,200.00\$		12,200.00\$	12,200.00\$			100%		-\$
Labor	Stucco			7,000.00\$		7,000.00\$		6,650.00\$	6,650.00\$			95%		350.00\$
Labor	Termite Treatment			1,000.00\$		1,000.00\$		-\$				0%		1,000.00\$
Labor	Granite Install			2,500.00\$		2,500.00\$		2,500.00\$	2,500.00\$			100%		-\$
Labor	Carpet			3,500.00\$		3,500.00\$		-\$				0%		3,500.00\$
Labor	Pool Repair			15,000.00\$		15,000.00\$		-\$				0%		15,000.00\$
Labor	Landscape/Clean-Up			3,000.00\$		3,000.00\$		800.00\$	800.00\$			27%		2,200.00\$
Labor	3 Pine Trees Cut Down			2,900.00\$		2,900.00\$		-\$				0%		2,900.00\$
Labor	New 4 Bed Leach Field			5,000.00\$		5,000.00\$		5,000.00\$	5,000.00\$			100%		-\$

<b>Total Hard Costs</b>	<b>124,500.00\$</b>	<b>38,600.00\$</b>	<b>25,780.00\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>63,780.00\$</b>	<b>51%</b>	<b>60,720.00\$</b>
Soft Costs	8,200.00\$	1,000.00\$	7,000.00\$	-\$	-\$	-\$	-\$	8,000.00\$	98%	200.00\$
Contingency		26,540.00\$		-\$					0%	26,540.00\$
<b>Total Soft Costs</b>	<b>34,740.00\$</b>	<b>1,000.00\$</b>	<b>7,000.00\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>8,000.00\$</b>	<b>23%</b>	<b>26,740.00\$</b>
<b>Project Total</b>	<b>159,240.00\$</b>	<b>39,600.00\$</b>	<b>32,780.00\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>-\$</b>	<b>71,780.00\$</b>	<b>45%</b>	<b>87,460.00\$</b>

Less Retention @ 10%

**Amount Funded:**

Retention Account Balance:

## INVOICE LOG FOR DRAW REQUEST

Project Name: \_\_\_\_\_ Draw #: \_\_\_\_\_  
 Project Address: \_\_\_\_\_ Date: \_\_\_\_\_  
 Contractor: \_\_\_\_\_ From: \_\_\_\_\_

**Details**

Line Item #	Vendor/Subcontractor	Item Description	Invoice Date	Invoice #	Invoice Amount	Amount Requested	Payment Method/Comments:
<b>TOTAL</b>							





# Waiver Release Instructions

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## Conditional and Unconditional Waiver and Release Forms

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**General Principles:** No lien release is binding unless the claimant executes (signs) and delivers a waiver and release. If signed by the claimant or his or her authorized agent, the signed form is effective to release:

- the owner;
- the construction lender; and
- the surety (in the case of a payment bond).

**Be careful:** paying your contractor (and/or getting a release from your contractor) does not guarantee that other claimants, like subcontractors and suppliers, are paid. A claimant is a person who, if not paid, can file a lien on your home.

To be effective, the waiver and release forms must follow substantially one of the forms set forth in [Civil Code Section 3267](#). The four forms are:

### 1. Conditional Waiver and Release Upon Progress Payment

Use this form when the claimant is required to execute a waiver and release in exchange for or in order to induce the payment of a progress payment and the claimant has not been paid. This form is useful when the claimant has not been paid yet, but will be paid out of a progress payment that is not the final payment. This conditional waiver and release is only effective if the claimant is *actually paid*. This release does not cover all items. See the "[Conditional Waiver And Release Upon Progress Payment](#)" form for more information.

### 2. Unconditional Waiver and Release Upon Progress Payment

Use this form when the claimant is required to execute a waiver and release in exchange for or in order to induce payment of a progress payment and the claimant asserts in the waiver that he or she has in fact been paid the progress payment. This release does not cover all items. See the "[Unconditional Waiver And Release Upon Progress Payment](#)" form for more information.

### 3. Conditional Waiver and Release Upon Final Payment

Use this form when the claimant is required to execute a waiver and release in exchange for or in order to induce the payment of a final payment and the claimant has not been paid. This release is only binding if there is evidence of payment to the claimant. Evidence of payment may be demonstrated by:

- the claimant's endorsement on a single check or a joint payee check which has been paid by the bank upon which it was drawn; or
- written acknowledgment of payment given by the claimant.

See the "[Conditional Waiver and Release Upon Final Payment](#)" form for more information.

#### **4. Unconditional Waiver and Release Upon Final Payment**

Use this form when the claimant is required to execute a waiver and release in exchange for, or in order to induce payment of, a final payment *and* the claimant asserts in the waiver he or she has in fact been paid the final payment. See the "[Unconditional Waiver and Release Upon Final Payment](#)" form for more information.

**Caution:** in the case of a conditional release, the release is only binding if there is evidence of payment to the claimant. Evidence of payment may be demonstrated by:

- the claimant's endorsement on a single check or a joint payee check which has been paid by the bank upon which it was drawn; or
- Written acknowledgment of payment given by the claimant.



**SECURED INVESTMENT CORP**

## **Conditional Waiver & Release Upon Progress Payment**

Civil Code 3262(d) (1)

**UPON RECEIPT** by the undersigned of a check from \_\_\_\_\_ in the sum of \$ \_\_\_\_\_ payable to \_\_\_\_\_ and when the check has been properly endorsed and has been paid by the bank upon which it is drawn, this document shall become effective to release any mechanic's lien, stop notice or bond right the undersigned has on the job \_\_\_\_\_ of \_\_\_\_\_ located at \_\_\_\_\_ to the following extent.

**THIS RELEASE** covers a progress payment for all labor, services, equipment or materials furnished only and does not cover any retentions retained before or after the release date; extras furnished before the release date for which payment has not been received; extras or items furnished after the release date. Rights based upon work performed or items furnished under a written change order which has been fully executed by the parties prior to the release date are covered by this release unless specifically reserved by the claimant in this release. This release of any mechanic's lien, stop notice, or bond right shall not otherwise affect the contract rights, including rights between parties to the contract based upon a rescission, abandonment, or breach of the contract, or the right of the undersigned to recover compensation for furnished labor, services, equipment, or material covered by this release if that furnished labor, services, equipment, or material was not compensated by the progress payment.

Before any receipt of this document relies on it, said party should verify evidence of payment to the undersigned.

**EXECUTED** on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
**Company Name**

**BY** \_\_\_\_\_

**Signature**

\_\_\_\_\_  
**Title**

NOTE: This form complies with the requirements of Civil Code Section 3262(d)(1). It is to be used by a party who applies for a progress payment when the progress check has not yet cleared the bank. This release only becomes effective when the check, properly endorsed, has cleared the bank.



SECURED INVESTMENT CORP

## Conditional Waiver & Release Upon Progress Payment

Civil Code 3262(d) (1)

**UPON RECEIPT** by the undersigned of a check from **(Maker of Check)** in the sum of **\$(Amount of check)** payable to **(Payee of check)** and when the check has been properly endorsed and has been paid by the bank upon which it is drawn, this document shall become effective to release any mechanic's lien, stop notice or bond right the undersigned has on the job of **(Owner)** located at **(Job Description)** to the following extent.

**THIS RELEASE** covers a progress payment for all labor, services, equipment or materials furnished only and does not cover any retentions retained before or after the release date; extras furnished before the release date for which payment has not been received; extras or items furnished after the release date. Rights based upon work performed or items furnished under a written change order which has been fully executed by the parties prior to the release date are covered by this release unless specifically reserved by the claimant in this release. This release of any mechanic's lien, stop notice, or bond right shall not otherwise affect the contract rights, including rights between parties to the contract based upon a rescission, abandonment, or breach of the contract, or the right of the undersigned to recover compensation for furnished labor, services, equipment, or material covered by this release if that furnished labor, services, equipment, or material was not compensated by the progress payment.

Before any receipt of this document relies on it, said party should verify evidence of payment to the undersigned.

EXECUTED on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
**Company Name**

BY \_\_\_\_\_

**Signature**

\_\_\_\_\_  
**Title**

NOTE: This form complies with the requirements of Civil Code Section 3262(d)(1). It is to be used by a party who applies for a progress payment when the progress check has not yet cleared the bank. This release only becomes effective when the check, properly endorsed, has cleared the bank.

**SUBCONTRACTOR & MATERIAL SUPPLIER**  
**Progress Payment Release Form**

SUBCONTRACTOR or SUPPLIER:

Date: \_\_\_\_\_

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

Invoice: \_\_\_\_\_

Job: \_\_\_\_\_

Job No: \_\_\_\_\_

SUBCONTRACT OR P.O. AMOUNT:	
APPROVED CHANGE ORDERS:	
REVISED CONTRACT AMOUNT: WORK COMPLETED TO DATE :	
LESS PREVIOUSLY BILLING:	
CURRENT BILLING: LESS	
RETENTION 10%: NET	
AMOUNT DUE:	

**CONDITIONAL WAIVER AND RELEASE UPON PROGRESS**

The undersigned does hereby acknowledge that upon receipt by the undersigned of a check from \_\_\_\_\_ in the sum of \_\_\_\_\_ and when the check has been properly endorsed and has been paid by the bank upon which it was drawn, this document shall become effective to release pro tanto any and all claims, mechanic's or material men's lien, equitable lien, stop notice, or claim rights which the undersigned has on the above referenced job.

This release covers final payment for all labor, services, equipment, materials furnished and/or claims through \_\_\_\_\_.

NOTICE: BEFORE ANY RECIPIENT OF THIS DOCUMENT RELIES ON IT, SAID PARTY SHOULD VERIFY EVIDENCE OF PAYMENT TO THE UNDERSIGNED.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF \_\_\_\_\_ THAT THE ABOVE IS A TRUE AND CORRECT STATEMENT.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

Notary Public:

**UNCONDITIONAL WAIVER AND RELEASE UPON PAYMENT**

The undersigned does hereby acknowledge that the undersigned has been paid and has received progress payments from \_\_\_\_\_ in the sum of \$\_\_\_\_\_ for labor, services, equipment or materials furnished to the above referenced job and does hereby release pro tanto any and all claims, mechanic's or material men's lien, equitable lien, stop notice, or bond claim rights which the undersigned has on the above referenced job. This release covers progress payments for labor, services, equipment, materials furnished and/or claims through this \_\_\_ day of \_\_\_\_\_ only and does not cover any retention or items furnished after that date.

NOTICE: THIS DOCUMENT WAIVES RIGHTS UNCONDITIONALLY AND STATES THAT YOU HAVE BEEN PAID FOR GIVING UP THOSE RIGHTS. THIS DOCUMENT IS ENFORCEABLE AGAINST YOU IF YOU SIGN IT, EVEN IF YOU HAVE NOT BEEN PAID. IF YOU HAVE NOT BEEN PAID USE A CONDITIONAL RELEASE FORM.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF \_\_\_\_\_

\_\_\_\_\_

THAT THE ABOVE IS A TRUE AND CORRECT STATEMENT.

Signature \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Subscribed and sworn before me this** \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

Notary Public:



SECURED INVESTMENT CORP

## Acknowledgement of Receipt

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I, \_\_\_\_\_, the undersigned do hereby  
acknowledge and affirm the receipt of the COGO Capital Rehab Construction Lending Handbook in its entirety  
on the date set forth below.

\_\_\_\_\_  
Name Printed

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature