

Project:

Draw #:

Date:

Preparer:



10 - Item Structure

Version 1.0 - 2026 rabbet.com

Legend

● **Required** – All commercial construction loans

● **Conditional** – Confirm with lender at loan closing

● **Recommended** – Best practice

01 Cover Letter / Cover Sheet

- 01 **Cover Letter / Request Letter** Required ●
 Sign last, after all amounts are finalized. States draw amount, date, project name, draw number, and authorized signatory.

- 01a **Lender Requisition / Disbursement Form** Conditional ●
 Use lender's exact template

02 Table of Contents

- 02 **Table of Contents** Recommended ●
 All sections with page ranges. Optional but strongly valued – the cleanest packages always include one.

03 Draw Summary – Sources & Uses

- 03 **Draw Summary – Sources & Uses** Required ●
 Original budget · prior draws · current draw request · balance remaining · debt/equity split. Reconcile both project budget and loan budget before submitting. Totals must tie to Item 04.

04 Pay Applications & Sworn Statements

Item 04 has two equivalent paths. Select based on loan type, lender requirement, and state law. Some lenders require both simultaneously.

PATH A – GC-Led / AIA Standard (~70–80% of commercial loans)

- 04a **AIA G702 – GC Pay Application Summary** Required ●
 Contract sum, net change orders, total completed and stored to date, retainage, previous payments, current payment due. Architect-certified. Sign after all G703 line-item amounts are finalized.
Note: Hard cost invoices (Item 06) are backup to this instrument – may be sequenced immediately following in practice.

- 04b **AIA G703 – Schedule of Values / Continuation Sheet** Required ●
 Line-item breakdown: scheduled value, prior + current completion, stored materials, % complete, balance to finish, retainage. G703 totals must tie exactly to G702. All line items must map to lender's approved budget.

- 04c **Subcontractor Pay Applications (AIA backup)** Conditional ●
 Individual sub pay apps ordered to match G703 line-item sequence (see Rule 1). Submit alongside corresponding lien waivers (see Rule 2).

PATH B — Owner-Sworn (IL/MI Statutory · Lender-Required)

Required by statute in Illinois (770 ILCS 60/5) and Michigan (MCL 570.1110). Organized by vendor, not budget line — cross-reference both views before submitting.

- | | | | |
|--------------------------|------------|--|---------------|
| <input type="checkbox"/> | 04d | Owner's Sworn Statement
Signed legal statement by owner/borrower confirming draw accuracy and payment currency. Organized by vendor. Must be notarized by authorized officer or managing member. | Conditional ● |
| <input type="checkbox"/> | 04e | Sworn Contractor Statement
GC's sworn statement listing all subcontractors, material suppliers, and amounts owed. Must be notarized. Together with 04d, establishes the full lien chain for waiver collection. | Conditional ● |

Lender note — not in contract work

Hard costs not under the GC contract (owner-direct work, separate prime contractors, owner-furnished materials) must be disclosed separately in the sworn statement. Omitting NIC items is a common compliance gap on institutional and agency loans. Confirm with lender whether NIC items appear in the Owner's Sworn, Contractor's Sworn, or both.

05 Invoice Summary / Invoice Detail List

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|--------------------------|-----------|--|------------|
| <input type="checkbox"/> | 05 | Update to Invoice Summary / Master Index
Master index of all invoices — organized by budget line. Hard costs and soft costs separated. Transforms a folder of documents into a reviewable package. | Required ● |
|--------------------------|-----------|--|------------|

06 Supporting Invoices — Hard & Soft Costs

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|--------------------------|------------|---|---------------|
| <input type="checkbox"/> | 06a | Hard Cost Invoices / Receipts
Backup for all hard costs in this draw. Label each invoice to its budget line code. Organize in G703 cost code order. Thresholds vary — most lenders require backup for invoices above \$5,000–\$10,000. Confirm at loan closing. | Required ● |
| <input type="checkbox"/> | 06b | Soft Cost Invoices
Legal, A&E, insurance, permitting, interest reserve, developer fee. Grouped soft cost summary by category as cover sheet. Thresholds vary — most lenders require backup for invoices above \$5,000–\$10,000. Confirm at loan closing. | Required ● |
| <input type="checkbox"/> | 06c | Interest Reserve Statement
Reserve drawn · remaining balance · projected months remaining. Rate: SOFR + spread. Show full calculation (see Rule 4). | Conditional ● |
| <input type="checkbox"/> | 06d | Developer Fee Draw Detail
Total approved fee · completion % basis · earned to date · prior draws · this draw · remaining balance. Show full calculation (see Rule 4). | Conditional ● |
| <input type="checkbox"/> | 06e | Retainage Release Documentation
Track hard and soft cost retainage separately. Include project completion certificate or lender-required trigger documentation. | Conditional ● |

07 Change Order Log + Potential Change Orders + Executive Change Orders

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|--------------------------|-----------|--|------------|
| <input type="checkbox"/> | 07 | Change Order Log + Potential Change Orders + Executive Change Orders
All COs — executed and pending. For each: CO number, description, amount, status, and budget impact. Lender verifies CO balance nets against approved budget. Unapproved overruns will hold the draw. | Required ● |
|--------------------------|-----------|--|------------|

08 Stored Materials Log & Documentation

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|--------------------------|-----------|--|---------------|
| <input type="checkbox"/> | 08 | Stored Materials Log & Documentation
Inventory list, location, and proof of insurance for materials paid but not yet installed. Include photos and proof of secure storage location. | Conditional ● |
|--------------------------|-----------|--|---------------|

09 Lien Waivers

The single most critical document in the package.

A lien waiver is a powerful legal instrument – it permanently or conditionally extinguishes a subcontractor's right to place a lien on the property. Without valid waivers, a lender cannot fund. Collect unconditional waivers as soon as prior draw payments clear – not when assembling the next package.

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|--------------------------|------------|---|------------|
| <input type="checkbox"/> | 09a | Lien Waiver Summary Log
Table: every vendor · draw period covered · waiver type (conditional or unconditional) · dollar amount · received?
Allows reviewer to verify the full waiver chain in seconds. Include on every draw, without exception. | Required ● |
| <input type="checkbox"/> | 09b | Lien Waivers - Conditional (Current Draw)
From GC + all subs above threshold. Waive lien rights conditioned on receipt of payment. Threshold confirmed at loan closing.

<i>Sequencing note: Conditional waivers follow immediately behind their corresponding pay applications</i> | Required ● |
| <input type="checkbox"/> | 09c | Lien Waivers - Unconditional (Prior Draw)
#1 most common draw rejection reason when missing. Confirms prior draw payments received and lien rights permanently waived. | Required ● |

10 Certificates of Insurance · Inspection Report · Title Update

Lenders perform deep review on Item 10 every draw. Red flags: amounts that don't tie across documents · missing sub-level waivers · unusual contingency draws · interest reserve trending toward depletion.

- | | | | |
|--------------------------|------------|---|---------------|
| <input type="checkbox"/> | 10a | Certificates of Insurance
Builder's risk + GL + WC. Lender named as additional insured and loss payee. Verify expiration dates extend past projected construction completion. | Required ● |
| <input type="checkbox"/> | 10b | Third-Party Inspection Report
Independent inspector's report confirming work-in-place percentages and project status. Many lenders order directly – confirm at closing whether to include or submit separately (Lender-arranged). | Conditional ● |
| <input type="checkbox"/> | 10c | Title Update / Draw-Down Endorsement
Confirms no new mechanic's liens since prior draw. ALTA 32-06 and ALTA 33-06 – confirm which endorsements are in place at loan closing (Lender-arranged). | Conditional ● |
| <input type="checkbox"/> | 10d | Budget Reallocation Log / Contingency Draw Detail
When drawing from contingency or when line items exceed budget. Include written lender pre-approval. Show full calculation (see Rule 4). | Conditional ● |
| <input type="checkbox"/> | 10e | Schedule Update / Construction Schedule
As-built vs. planned milestones. Required when project is 90+ days behind – triggers escalated lender review before draw can be approved. | Conditional ● |

- 10f** **Cost-to-Complete Projection** Conditional ●
 Remaining costs, projected completion date, and sufficiency of remaining proceeds + equity. Required when LTC ratios approach covenant limits.

- 10g** **Other Technical Documentation** Conditional ●
 As applicable and confirmed at loan closing: permits (building, grading, demolition, specialty) · concrete and soil testing reports · foundation survey · Phase I and Phase II Environmental Site Assessments · wind and curtain wall testing · builder's risk full policy (when required) · geotechnical reports. Maintain a project-level checklist and verify currency before every submission.

Additional requirements and considerations by loan type

Add these to the base checklist above. Confirm all requirements at loan closing.

Bank / Conventional Construction

- Title Draw-Down Endorsement
- Third-Party Inspection Report
- Lender Requisition Form

CMBS Construction

- Servicer Disbursement Form
- Construction Monitor Report
- PSA Compliance Certification
- Borrower Certification Letter

HUD / FHA Insured (221d4, 232)

- HUD Form 92448
- HUD Form 92403
- HUD Inspector Approval
- Davis-Bacon Wage Records

LIHTC / Affordable Housing

- Tax Credit Equity Draw Schedule
- State Agency Draw Form
- LIHTC Compliance Report
- Prevailing Wage Certification

Bridge / Value-Add

- Renovation Budget Variance Report
- Scope Completion Photos

SFR / Builder Portfolio Loans

- Lot-Level Draw Request
- Stage Completion Verification

Internal Organization Rules

A complete package is not the same as a reviewable one. These four rules define how to structure within each item.

Rule 1

Sub Pay Apps Follow G703 Order

Subcontractor pay applications (04c) must be ordered to match the G703 line-item sequence — not by vendor name, subcontract value, or date. The reviewer uses G703 as their map; every supporting document should follow the same sequence.

Rule 2

Conditional Waiver Immediately Behind Its Pay App

Each sub's conditional lien waiver must immediately follow that sub's pay application — not grouped at the back of the lien waiver section. The reviewer should not have to flip sections to verify that the waiver amount matches the pay app amount.

Rule 3

Invoices in G703 Budget Line Order

Supporting invoices (06) must be organized in the same sequence as G703 line items — not by vendor name, date, or dollar amount. The invoice summary index (05) should map line-for-line to the G703 for direct navigation. Applies to both hard cost and soft cost invoices.

Rule 4

Show Calculations for Contingency, Developer Fee & Interest Reserve Pay App

These three line items require explicit calculations — not just draw amounts.