

Construction Loan Process

The construction loan process with GreenStone includes a few important documents and steps. Use this information for step-by-step directions and tips regarding the Sworn Statement, Lien Waiver and Draw Process. Your construction financing team will highlight this process with you, and is always available to answer any additional questions to help ensure your construction project is as smooth as possible.

Overview of the Sworn Statement

The Sworn Statement is an ever-changing document initiated at the start of the loan process to estimate initial costs of the project for the loan, to request draws, and to monitor the budget throughout the construction project.

Column #1: Name, Address & Phone of Subcontractors, Supplier, or Laborer

Column #1 is a list of all the suppliers/laborers that you obtained quotes from when you initially completed the Sworn Statement. This list may change during the build, as you are not obligated to work with these companies.

Column #2: Type of Improvement Furnished

This column is pre-filled to assist you in knowing what typical improvements are involved in the construction process. This category is editable as some of these improvements may not pertain to your project or you may need to add additional items. You will notice that the last item listed in this column says "overrun". When you submitted the Sworn Statement for loan approval, you should have allotted 5-10% of your total construction costs to this line item in the event you spend more than anticipated.

Column #3: Total Contract Price

The figures listed in this column represent the initial quotes/bids you obtained from the respective subcontractor/laborers listed in Column #1. These are the figures that your Loan Officer used to approve the loan and the appraiser used to estimate your 'as-will be' appraised value. The numbers listed in this column should not be adjusted after the loan closing. Any adjustments to these amounts will need to be accounted for in Column #4: Adj Contract Price/Change Order +/-.

Column #4: Adj Contract Price/Change Order +/-

This is the column used to account for any overruns you may have during the build. The total "overrun" dollar amount that was budgeted for your loan is found in Column #3. If you have a line item that goes over budget, you are permitted to pull from the "overrun" line item rather than having to come up with the difference on your own.

For example, if you budgeted for \$5,000 for Finish Electrical but the bill actually came in at \$5,500, you would input the \$500 overrun in Column #4. That \$500 will be deducted from the total "overrun" allotment.

Example of an overrun:

Column:	#1	#2	#3	#4	#5	#6	#7	#8
NO.	NAME, ADDRESS & PHONE OF SUBCONTRACTOR, SUPPLIER, OR LABORER	TYPE OF IMPROVEMENT FURNISHED	TOTAL CONTRACT PRICE	ADJ CONTRACT PRICE / CHANGE ORDER +/- (-)	CURRENT CONTRACT	AMOUNT ALREADY PAID	AMOUNT CURRENTLY OWING	BALANCE TO COMPLETE

Example of this overrun being deducted from the “overrun” line item:

43		Overrun	25,000.00	-\$500.00				\$ 24,500
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Column #5: Current Contract

Column #5 can be used to track the change orders/adjustments and their effect on the contract price.

Column #6: Amount Already Paid

Column #6 is to account for line items that have already been paid. When you initially completed the Sworn Statement, you may have included line items that you paid for before the loan closing in this column. The concept works the same way after you close the loan. Once you request a draw for a specific line item, GreenStone will release the funds following the draw process. Once you receive these funds, you will pay the subcontractor/laborer then move the amount you requested into Column #6. (Reminder – When you pay the subcontractor/laborer they will need to sign a Waiver of Lien. You can reference that section of this document for further details.)

For example, if you request a draw for \$500 for Architectural Services and receive the funds, you will move the \$500 to Column #6.

Example of once you have received the funds you requested:

NO.	NAME, ADDRESS & PHONE OF SUBCONTRACTOR, SUPPLIER, OR LABORER	TYPE OF IMPROVEMENT FURNISHED	TOTAL CONTRACT PRICE	ADJ CONTRACT PRICE / CHANGE ORDER +/- (-)	CURRENT CONTRACT	AMOUNT ALREADY PAID	AMOUNT CURRENTLY OWING	BALANCE TO COMPLETE
1	John Smith, 123 Street, City, State, Zip	Architectural Services	500.00			500.00		\$

Column #7: Amount Currently Owing

Column #7 is the column that you will use to request draws. When you are ready to request a draw, you will input the dollar amount you are looking to draw in this column with the respective line item that you are drawing from. You can request funds for an invoice that needs to be paid as well as for reimbursing yourself for an item that you may have already paid.

For example, if you are looking to draw \$500 for Architectural Services, \$2,250 for Permits and \$15,000 for Sand/Gravel/Backfill, you would input those dollar amounts in Column #7 with the corresponding line item that the draw request is for.

Example of where you put the amount you are requesting a draw for:

NO.	NAME, ADDRESS & PHONE OF SUBCONTRACTOR, SUPPLIER, OR LABORER	TYPE OF IMPROVEMENT FURNISHED	TOTAL CONTRACT PRICE	ADJ CONTRACT PRICE / CHANGE ORDER +/- (-)	CURRENT CONTRACT	AMOUNT ALREADY PAID	AMOUNT CURRENTLY OWING	BALANCE TO COMPLETE
1	John Smith, 123 Street, City, State, Zip	Architectural Services	500.00				500.00	\$
2	John Smith, 123 Street, City, State, Zip	Permits	2,250.00				2,250.00	\$
3	John Smith, 123 Street, City, State, Zip	Excavation	23,000.00					\$
4	John Smith, 123 Street, City, State, Zip	Sand/ Gravel/Backfill	15,000.00				15,000.00	\$

Column #8: Balance to Complete

Column #8 is a running total of how much you have left from the total contract price to complete the project. When you submit the initial Sworn Statement, you provide GreenStone with a total contract price. This amount is listed in Column #3. As you build the home, the total amount that has already been paid will total in Column #6. This amount, along with any overruns/overages listed in Column #4, will subtract from the total contract price and will leave you with a total balance to complete found in Column #8. The total balance to complete should never exceed the available loan funds with GreenStone. Any excess over the available funds must be paid for from your own cash. When the home is complete, the balance to complete should be \$0 or a positive number. If this number is negative, you will need to work with your financial services officer to determine how to proceed.

How to Request a Draw

Step #1:

Insert the amount you are requesting into Column #7 of the Sworn Statement. (*Reminder – If the amount you are requesting is higher than the amount listed in Column #3 the difference should be input in Column #4. This will ensure that your balance to complete does not go negative.)

Example of where you put the amount you are requesting a draw for:

NO.	NAME, ADDRESS & PHONE OF SUBCONTRACTOR, SUPPLIER, OR LABORER	TYPE OF IMPROVEMENT FURNISHED	TOTAL CONTRACT PRICE	ADJ CONTRACT PRICE / CHANGE ORDER +/- (-)	CURRENT CONTRACT	AMOUNT ALREADY PAID	AMOUNT CURRENTLY OWING	BALANCE TO COMPLETE
1	John Smith, 123 Street, City, State, Zip	Architectural Services	500.00				500.00	\$
2	John Smith, 123 Street, City, State, Zip	Permits	2,250.00				2,250.00	\$
3	John Smith, 123 Street, City, State, Zip	Excavation	23,000.00					\$
4	John Smith, 123 Street, City, State, Zip	Sand/ Gravel/Backfill	15,000.00				15,000.00	\$

Step #2:

Print the Sworn Statement and sign in front of a notary.

Step #3:

Email the signed/notarized Sworn Statement and lien waiver or receipts from previous draw to the title company. Once the title company receives the draw request, they will perform a title search to ensure there have been no liens placed on your property. If there have been no liens filed, the title company will email the Construction Specialist at GreenStone with a greenlight to wire you the requested funds. You should see those funds in your account in 2-4 business days after all required documentation has been submitted to the title company representative.

Step #4:

After receiving the funds, move the amounts from Column #7 into Column #6 to reflect the payment you received.

Example of where you put the amount you were provided for the draw request:

NO.	NAME, ADDRESS & PHONE OF SUBCONTRACTOR, SUPPLIER, OR LABORER	TYPE OF IMPROVEMENT FURNISHED	TOTAL CONTRACT PRICE	ADJ CONTRACT PRICE / CHANGE ORDER +/- (-)	CURRENT CONTRACT	AMOUNT ALREADY PAID	AMOUNT CURRENTLY OWING	BALANCE TO COMPLETE
1	John Smith, 123 Street, City, State, Zip	Architectural Services	500.00			500.00		\$
2	John Smith, 123 Street, City, State, Zip	Permits	2,250.00			2,250.00		\$
3	John Smith, 123 Street, City, State, Zip	Excavation	23,000.00					\$
4	John Smith, 123 Street, City, State, Zip	Sand/ Gravel/Backfill	15,000.00			15,000.00		\$

Documents Required for Draw Requests

- Completed, signed and notarized Sworn Statement
- Completed, customer signed draw request form (Wisconsin Only)
- Completed and signed Waiver of Lien forms from previous draw request and/or
- Paid retail receipts (for items purchased by you that you are seeking reimbursement for).
 - Not acceptable forms of payment are credit card statements or copies of checks/cancelled checks

Waiver of Lien Forms

A Waiver of Lien form gives notice that the signer is giving up their right to file a lien, in full or in part, against the property. The waiver is signed by a contractor, subcontractor, supplier, or laborer when payment is made.

Full Unconditional Waiver of Lien

States that the full payment has been made and that there is no claim or lien against the property. The individual who is being paid will complete the form and sign it for the homeowner. No dollar amount needs to be included. This document is used for full payments with corresponding line item in the Sworn Statement. (Reminder – This is to be used for each specific line item, not subcontractor. If the same subcontractor is listed for line item #4 and #8 of the Sworn Statement, you will need to have two separate lien waivers – one for line item #4 and one for line item #8.)

Partial Unconditional Waiver

States that some of the money owed for the corresponding line item has been paid but the subcontractor/laborer is still owed funds to complete the job. The person who performed the job should fill out this document once they receive the funds. Make certain the dollar amount that has been given to the subcontractor is filled out on the form as well as the date through which the labor/materials have been provided is complete. Secondly, note the sentence, “This waiver, together with all previous waivers, if any, does/does not (circle and initial one) cover all amounts due...” Make sure that one is circled and initialed.

What Could Hold Up a Draw Request?

- Sworn Statement is not completed correctly, not signed, or not notarized.
- Waiver of Liens or adequate paid receipts are not submitted for previous draw. All waivers and receipts must be turned in prior to receiving the next draw request.
- A Claim of Lien has been filed against the property.
- GreenStone was not notified of the draw request.