

SENT VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Date: [Date]

To: [Contractor/Company Name]

Address: [Contractor Address]

Attn: [Principal Name]

**RE: FINAL DEMAND FOR RESTITUTION - MISAPPROPRIATION OF
CONSTRUCTION LOAN DRAWS**

Project Address: [Property Address]

Contract Date: [Date of Contract]

Total Disputed Amount: \$[Dollar Amount]

Dear [Name of Contractor],

This letter serves as a formal final demand regarding the construction loan draws released to you for the project located at [Property Address].

An audit of the project accounts and a physical inspection of the site have confirmed that funds totaling \$[Amount] were drawn for the specific purpose of [List specific items, e.g., purchasing lumber, paying HVAC subcontractors, or foundation work]. However, these funds were not applied to the project as required by our contract and the draw schedule. Specifically:

- Draw # [Number] in the amount of \$[Amount] was released on [Date] for [Purpose], but [State the violation, e.g., the materials were never delivered/subcontractors remain unpaid].
- [List additional instances as necessary].

The misappropriation of construction funds is a serious matter that may constitute a breach of contract, a violation of the construction trust fund statutes in this state, and potential criminal fraud.

DEMAND IS HEREBY MADE that you provide one of the following within [Number, e.g., 5 or 7] business days of the date of this letter:

1. Full restitution of the diverted funds in the amount of \$[Amount]; or
2. Evidence that all subcontractors and vendors associated with these draws have been paid in full (including unconditional lien waivers); or
3. Proof that all materials associated with these draws have been delivered to and secured at the project site.

Failure to rectify this matter immediately will leave me no choice but to pursue all available legal remedies. This includes, but is not limited to, filing a formal complaint with the [State] Board of Contractors, initiating a civil lawsuit for conversion and breach of contract, and reporting this misappropriation to the lender and local law enforcement authorities.

Please govern yourself accordingly.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Phone Number]

[Your Email Address]

CC: [Name of Lender/Bank Officer]

[Name of Attorney, if applicable]