

[Date]

[Borrower Name]

[Borrower Address]

[City, State, Zip Code]

**RE: Construction Disbursement Procedures for [Project Name/Loan Number]**

Dear [Borrower Name],

This letter serves as guidance regarding the disbursement process for your construction loan. To ensure timely funding of draw requests, please adhere to the following requirements and procedures:

**1. Submission Requirements**

All draw requests must be submitted at least [Number] business days prior to the requested funding date. Each request must include:

- A completed and signed AIA Document G702 (Application and Certificate for Payment).
- A completed AIA Document G703 (Continuation Sheet).
- Conditional lien waivers for the current draw amount.
- Unconditional lien waivers for the prior draw amount.
- Soft cost invoices (architectural, legal, permits, etc.).

**2. Site Inspections**

Upon receipt of a draw request, the Bank will schedule an inspection by an independent third-party inspector. Funding is contingent upon the inspector verifying that the work completed aligns with the percentage of completion reported in the draw request.

**3. Retainage**

A retainage of [Percentage]% will be withheld from each progress payment. These funds will be released upon project completion, issuance of a final Certificate of Occupancy, and receipt of final unconditional lien waivers from all contractors and subcontractors.

**4. Change Orders**

All change orders must be submitted to the Bank for review. Any change order exceeding \$[Amount] requires formal written approval from the Bank before the associated costs can be included in a draw request.

**5. Equity Requirement**

The Borrower's equity contribution of \$[Amount] must be fully injected into the project before any loan proceeds are disbursed.

Please submit all documentation to the attention of [Name/Department] at [Email Address].

Sincerely,

[Your Name]  
[Title]  
[Bank Name]