



SBA Project

Address

City, State Zip

Funds Control Disbursement Packet

USA Construction Funds Management

Draw Request #3

Borrower: Borrower, LLC

General Contractor: Construction Group

Date of Request: January 6, 2025

Date Documents Received: January 10, 2025

Report Date: January 13, 2025

Bank Contact

Title

SBA Bank Name



Dear Bank Contact,

At your request, we have completed our review of the Borrower's 3rd Draw Request Submission in accordance with our engagement agreement dated **September 16, 2024**.

Thank you for choosing our firm to monitor this project on your behalf. Please carefully review the findings of this Funds Control Disbursement Packet, and feel free to call should you have any questions or need clarification in any way.

Sincerely,

A handwritten signature in black ink that reads "Mike E. Sanders".

Mike Sanders | Director of Funds Control

USA Construction Funds Management, LLC

Email Distribution:

Bank Contact 1 via email: contact1@bank.com

Bank Contact 2 via email: contact2@bank.com

Bank Contact 3 via email: contact3@bank.com

Attachments:

Exhibit A: Contractor Application for Payment No. 3

Exhibit B: Subcontractor/Vendor Backup Invoicing

Exhibit C: Lien Waiver Tracking and Current Lien Waivers

USA Construction Funds Management | Nationwide

770-237-5955 (Office)

740-298-1930 (Mobile)

mike.sanders@usainspect.com

usaconstructionconsultants.com



Executive Summary

Construction Group's Pay Application #3 (Revised) was found to be accurate and sufficient backup provided to support the amounts requested. Therefore, the requested payment totaling **\$159,138.66** has been recommended for disbursement to the applicable parties.

The following disbursements are anticipated to be made on **Wednesday, January 13, 2025**.

Contractor / Subcontractor / Vendor	Amount
Construction Group	30,253.62
Subcontractor 1	37,728.00
Subcontractor 2	9,405.00
Subcontractor 3	42,660.00
Subcontractor 4	21,092.04
Subcontractor 5	18,000.00
	159,138.66

For Further Review:

- **Revised Pay Application** – See *Pay Application Review* for reasons revision was needed.
- **General Conditions** appear to be ahead of the current estimated completion date. See *Pay Application Review* section for further details.

Follow up:

- **General Conditions** – Communication has been sent to the GC to adjust future amounts drawn for general conditions to account for the additional months added to the schedule. The GC has not yet responded. (See *Pay Application Review* section for further details)

Review of Documentation

The following documents were provided by BluCor Corporation for our review. The documents were found to be accurate and sufficient to justify the current disbursements.

- Pay Application #3
- Conditional Lien Waivers
- Backup Invoicing

Pay Application Review

The initial pay application provided was missing a requested deposit (\$8,750) from Subcontractor 1. The GC was notified and, therefore, submitted a revised pay application that included the deposit as well as an additional invoice, subsequently received, from Subcontractor 5. In reviewing the revised pay application, no inaccuracies were noted, but the following are highlighted.

- **General Conditions (Line 1)** is drawn to 43% (\$61,254), which is slightly ahead of the percentage completed (32%). General Conditions are being requested based on a 7-month construction (\$20,418/month), which is in line with industry standards. However, the anticipated completion date is now September 1, 2025, instead of April 27, 2025, effectively 4 months longer. The GC has not yet responded to whether additional costs will be incurred.
- **Contractor's Fee (Line 34)** is drawn to 32% (\$16,233.17) through the current pay application, which is in line with the overall project completion of 32%.
- **Retainage** is **10%** of Total Completed and Stored to Date (\$572,014.40) through the current pay application, which agrees with the contract.
- **Contingency (Line 33):** a Construction Contingency is included in the Schedule of Values. The original budget amounted to **\$52,595.33**, or 3% of the construction budget. In the current pay application, funds have been reallocated to/from the contingency as shown below.

Original	Used/Reallocated	Remaining	% Used	% Remaining
52,595.33	3,732.00	48,863.33	7%	93%

Contingency has been used for...	Amount
Starting Contingency Value	52,595.33
Reallocated From Contingency:	
Additional electric panel costs (PCO 1)	8,750.00
Relocation of transformer pad (PCO 4)	5,450.00
	<u>14,200.00</u>
Reallocated To Contingency:	
Cost savings for Overhead Doors	10,468.00
	<u>10,468.00</u>
Contingency Used to Date	<u>3,732.00</u>
Balance Remaining	<u>48,863.33</u>

- **Balance to Finish** – Subcontractor contracts have not been received or reviewed for this project. However, when sufficient information was available, subcontractor backup was analyzed and compared against the applicable budget category's Balance to Finish. Each category reviewed appears to have a sufficient Balance to Finish to cover the remaining costs attributable to the subcontractor's pay application.

Change Order Review

There appears to be no change orders associated with this pay application. However, the following is noted.

- **Subcontractor 3's** pay app shows change orders that are to be split between the GC, Owner, and Architect. The email discussing the split and approval of the costs is included in the invoice backup file associated with this report. These additional costs, while accounted for on the sub's pay application, were NOT added to the construction costs. Below is a screenshot of the subs pay application showing the additional costs to split between the various parties.

CHANGES						
Extra Concrete - Slab Slope	-	1,687.00	1,687.00	Split Funding - Owner/GC/AE		
Winter Service Charges	-	3,819.00	3,819.00	Owner Funded Change - A1 Paid JA Direct		
TOTAL	\$ 184,582.00	\$ 5,506.00	\$ 190,088.00	\$ -	\$ 47,400.00	\$ -

Backup Invoicing Review

Sufficient backup to the Contractor's pay application was supplied by Construction Group. The invoices were reviewed for accuracy and no discrepancies were found, with the following noted.

- **General Contractor Reimbursements** – the following expense report was submitted by the Superintendent for materials and supplies purchased. Sufficient backup and proof of payment has been provided. The \$1,512.85 total is included in Construction's disbursement of **\$30,253.62**.

Expense Report



Date	Payee (vendor)	Description	PO#	Job/Office Code	Cost Code	Amount
12/5/2024		Menards.com - A1 Automotive - Toilet Access Matl		300-24003 (A1 Auto)	10-10281-10,M	✓ \$117.94
12/5/2024		Amazon.com - A1 Automotive - Toilet Access Matl		300-24003 (A1 Auto)	10-10281-10,M	✓ \$464.57
12/5/2024		Amazon.com - A1 Automotive - Toilet Access Matl		300-24003 (A1 Auto)	10-10281-10,M	✓ \$218.73
12/5/2024		Accessdoorsandpanels.com - A1 Automotive Access Door		300-24003 (A1 Auto)	08-08101-10,M	✓ \$711.61

Total:	✓ \$1,512.85
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Off-Site Stored Materials Review

Off-site stored materials were noted during inspection and are drawn for in the current pay application. Sufficient backup, including pictures and Certificates of Insurance (see *Exhibit B*) have been provided to verify the following materials are stored off-site.

Subcontractor/Supplier	Budget Item	Total	Retainage	To Disburse
Subcontractor 2	Glass & Glazing	10,450.00	1,045.00	9,405.00
Subcontractor 1	Electric	27,850.00	2,785.00	25,065.00
		38,300.00	3,830.00	34,470.00

Deposits Review

There appear to be no deposits associated with the current pay application.

Lien Waiver Review

The lien waiver tracking log (see *Exhibit C*) has been updated for the current disbursements. All required conditional waivers have been provided.

- **Subcontractor 3's** lien waiver includes the additional amounts discussed above in the *Change Order Review* section. While the costs did not increase the construction budget, they were amounts due to them on the project, and therefore, correctly included in the lien waiver.

Appendix

EXHIBIT A: CONTRACTOR APPLICATION FOR PAYMENT NO. 3

EXHIBIT B: BACKUP INVOICING & LIEN WAIVERS

EXHIBIT C: LIEN WAIVER TRACKING & CURRENT LIEN WAIVERS

Application and Certificate for Payment

AIA DOCUMENT G702

TO (OWNER):

PROJECT:

APPLICATION NO:

3R1

APPLICATION DATE:

12/24/2024

PERIOD TO:

12/31/2024

PROJECT NO:

300-24003

FROM (CONTRACTOR):

CONTRACT DATE:

9/17/2024

CONTRACTOR'S APPLICATION FOR PAYMENT

Application is made for Payment, as shown below, in connection with the Contract. Continuation Sheet, AIA Document G703, is attached.

1. ORIGINAL CONTRACT SUM

\$ 1,776,017.00

✓

2. NET CHANGE BY CHANGE ORDERS

\$ -

✓

3. CONTRACT SUM TO DATE (Line 1 ± 2)

\$ 1,776,017.00

✓

4. TOTAL COMPLETED & STORED TO DATE (Column I on G703)

\$ 572,014.40

✓

5. RETAINAGE:

a. 10% of Completed Work

\$53,371.44

(Column F + G on G703)

b. 10% of Stored Material

\$3,830.00

✓

(Column H on G703)

TOTAL RETAINAGE (Line 5a + 5b or Total in Column I on G703)

\$57,201.44

✓

6. TOTAL EARNED LESS RETAINAGE

\$ 514,812.96

✓

(Line 4 less Line 5 Total)

7. LESS PREVIOUS CERTIFICATE FOR PAYMENT

\$ 355,674.30

✓

(Line 6 from prior Certificate)

8. CURRENT PAYMENT DUE NOW

\$ 159,138.66

✓

9. BALANCE TO FINISH, PLUS RETAINAGE (Line 3 less Line 6)

\$ 1,261,204.04

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information and belief the Work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for Work for which previous Certification for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

CONTRACTOR:

BY

DATE:

1/9/25

CHANGE ORDER SUMMARY				DEDUCTIONS	ADDITIONS
Total Changes approved in previous months by Owner				0.00	0.00
Total approved this month only				0.00	0.00
TOTALS				0.00	0.00
Net Changes by Change Order					

Continuation Sheet

AIA DOCUMENT G703

AIA Document G703, APPLICATION AND CERTIFICATE FOR PAYMENT, containing Contractor's signed Certification is attached.
In tabulations below, amounts are stated to the nearest dollar.
Use column I on Contracts where variable retainage for line items may apply.

APPLICATION NUMBER: 3R1
APPLICATION DATE: 12/24/2024
PERIOD TO: 12/31/2024
CONTRACTOR'S PROJECT NO: 300-24003

ITEM NO.	DESCRIPTION OF WORK	ORIGINAL SCHEDULE OF VALUES	CHANGE ORDERS	TOTAL SOV (C + D)	WORK COMPLETED		MATERIALS PRESENTLY STORED (Not in F or G)	TOTAL COMPLETED AND STORED TO DATE (F + G + H)	PERCENT COMPLETE % (I / E)	BALANCE TO FINISH (E - I)	CURRENT RETAINAGE	TOTAL RETAINAGE (IF VARIABLE RATE)
					FROM PREVIOUS APPLICATION (F + G + H)	THIS PERIOD (ONLY)						
1	General Requirements	142,926.00		142,926.00	40,836.00	✓ 20,418.00		61,254.00	42.9%	81,672.00	2,041.80	6,125.40
2	Reinforcing Material	11,830.00		11,830.00	11,830.00	0.00		11,830.00	100.0%	0.00	0.00	1,183.00
3	Concrete Foundations	77,467.00		77,467.00	77,467.00	0.00		77,467.00	100.0%	0.00	0.00	7,746.70
4	Concrete Flatwork	✓ 184,582.00		184,582.00	✓ 47,400.00	0.00		47,400.00	25.7%	✓ 137,182.00	✓ 4,740.00	✓ 4,740.00
5	Steel materials	12,762.75		12,762.75	2,145.00	0.00		2,145.00	16.8%	10,617.75	0.00	214.50
6	Misc. Steel fabrications - Dumpster Encl.	25,667.00		25,667.00	0.00	0.00		0.00	0.0%	25,667.00	0.00	0.00
7	Rough Carpentry	3,360.00		3,360.00	0.00	0.00		0.00	0.0%	3,360.00	0.00	0.00
8	Finish Carpentry	7,800.00		7,800.00	0.00	0.00		0.00	0.0%	7,800.00	0.00	0.00
9	Millwork & Casework Material	10,000.00		10,000.00	0.00	0.00		0.00	0.0%	10,000.00	0.00	0.00
10	Insulated Metal Panels	126,465.25		126,465.25	0.00	0.00		0.00	0.0%	126,465.25	0.00	0.00
11	Insulation	11,061.83		11,061.83	0.00	0.00		0.00	0.0%	11,061.83	0.00	0.00
12	Exterior Envelope Install	70,500.00		70,500.00	0.00	0.00		0.00	0.0%	70,500.00	0.00	0.00
13	Overhead Doors	69,558.00	(10,468.00)	59,090.00	0.00	0.00		0.00	0.0%	59,090.00	0.00	0.00
14	Doors Frames & Hardware	17,234.00		17,234.00	0.00	0.00		0.00	0.0%	17,234.00	0.00	0.00
15	Glass & Glazing	✓ 24,980.00		24,980.00	0.00	✓ 10,450.00		10,450.00	41.8%	✓ 14,530.00	✓ 1,045.00	✓ 1,045.00
16	Drywall/Framing/ ACT	132,733.00		132,733.00	0.00	0.00		0.00	0.0%	132,733.00	0.00	0.00
17	Flooring	18,842.75		18,842.75	0.00	0.00		0.00	0.0%	18,842.75	0.00	0.00
18	Painting	9,900.00		9,900.00	0.00	0.00		0.00	0.0%	9,900.00	0.00	0.00
19	Specialties	3,624.00		3,624.00	1,512.85	✓ 1,512.85		1,512.85	41.7%	2,111.15	151.29	151.29
20	Metal Building Supply	106,162.49		106,162.49	106,162.49	0.00		106,162.49	100.0%	0.00	0.00	10,616.25
21	Steel Erection	✓ 47,499.00		47,499.00	✓ 20,000.00	✓ 20,000.00		20,000.00	42.1%	✓ 27,499.00	✓ 2,000.00	✓ 2,000.00
22	Plumbing	✓ 142,554.00		142,554.00	32,841.96	✓ 23,435.00		56,276.96	39.5%	✓ 86,277.04	✓ 2,343.50	✓ 5,627.70
23	HVAC	95,725.00		95,725.00	0.00	0.00		0.00	0.0%	95,725.00	0.00	0.00
24	Electrical	✓ 107,645.00	14,200.00	121,845.00	12,401.00	✓ 14,070.00	✓ 27,850.00	54,321.00	44.6%	✓ 67,524.00	✓ 4,192.00	✓ 5,432.10
25	Earthwork	51,360.00		51,360.00	34,250.00	0.00		34,250.00	66.7%	17,110.00	0.00	3,425.00
26	Survey	7,500.00		7,500.00	1,700.00	0.00		1,700.00	22.7%	5,800.00	0.00	170.00
27	Pavement markings and signage	6,865.00		6,865.00	0.00	0.00		0.00	0.0%	6,865.00	0.00	0.00
28	Landscaping Package	36,160.00		36,160.00	0.00	0.00		0.00	0.0%	36,160.00	0.00	0.00
29	Utilities	77,834.00		77,834.00	38,917.00	0.00		38,917.00	50.0%	38,917.00	0.00	3,891.70
30	Misc.(General Liability)	6,612.02		6,612.02	0.00	6,612.02		6,612.02	100.0%	0.00	661.20	661.20
31	Permit Impact Fees	24,461.05		24,461.05	24,461.05	0.00		24,461.05	100.0%	0.00	0.00	2,446.11
32	Builders Risk	1,021.86		1,021.86	1,021.86	0.00		1,021.86	100.0%	0.00	0.00	102.19
33	Construction Contingency	52,595.33	(3,732.00)	48,863.33	0.00	0.00		0.00	0.0%	48,863.33	0.00	0.00
34	Contractors Fee	50,728.67		50,728.67	11,160.31	✓ 5,072.86		16,233.17	32.0%	34,495.50	507.29	1,623.32
TOTAL		\$ 1,776,017.00	\$ -	\$ 1,776,017.00	\$ 395,193.67	\$ 138,520.73	\$ 38,300.00	\$ 572,014.40	32.2%	\$ 1,204,002.60	\$ 17,682.07	\$ 57,201.44

****SEE FILE FOR BACKUP INVOICING****

EXHIBIT C: LIEN WAIVER TRACKING & CURRENT LIEN WAIVERS

Contractor / Subcontractor / Supplier	Amount	Thru Date	Conditional
Pay Application #1			
[REDACTED]	172,034.63	11/4/2024	yes
[REDACTED]	5,486.36	10/29/2024	yes
[REDACTED]	106,392.00	10/31/2024	yes
Pay Application #2			
[REDACTED]	183,639.68	11/27/2024	yes
[REDACTED]	65,850.30	11/27/2024	yes
[REDACTED]	24,071.40	11/26/2024	yes
[REDACTED]	69,720.30	11/27/2024	yes
Pay Application #3			
[REDACTED]	159,138.66	12/31/2024	yes
[REDACTED]	37,728.00	12/31/2024	yes
[REDACTED]	9,405.00	1/3/2025	yes
[REDACTED]	47,615.40	12/20/2024	yes
[REDACTED]	21,092.04	12/17/2024	yes
[REDACTED]	18,000.00	1/9/2025	yes