



# CONTRACT REQUIREMENTS

All construction contracts must include the following requirements specified by Live Oak Bank. We strongly recommend that both Owners (Borrowers) and contracting parties have their legal counsel review all contracts before signing.

**Contract type must be Fixed Price/Stipulated Sum or Cost Plus a Fee with a Guaranteed Max Price**

**Owner name on contract must match real estate Owner (Borrower) per title policy**

- Note: If property is leased, the operating company should be listed as Owner

**Contractor & Architect business names and addresses**

**Commencement date or terms must be clearly stated**

**Length of construction period (workdays or calendar days should be specified)**

**Liquidated damages should be addressed (even if "none")**

**Contract amount**

- Note: This must match construction cost used during underwriting

**Inclusions, exclusions, and allowances must be clearly defined  
(including, but not limited to, meter and tap fees, permits, equipment, landscaping, etc.)**

**Change orders must be approved by Lender prior to change work commencing**

**Payments must be in line with Lender disbursement requirements:**

- 1 construction payment per month
- Payment within 7-10 business days after Lender receives all required documentation
- Deposits will not be allowed unless pre-approved by Lender
- Final payment requires all required documentation PLUS:
  - Certificate of occupancy
  - All lien releases, and
  - Owner/contractor signed off punch list

**Retainage - 10% (or as required per state statute) held on all labor and materials**

**Dispute resolution clause should be included**

**Schedule of Values (SOV) matching contract amount**

- Note: Overhead and profit to be broken out as a separate line items