

# CONSTRUCTION PAYMENT POLICIES & PROCESSES

Below are Live Oak Bank's procedures before releasing payment to a General Contractor; Live Oak requires a dual verification process. The borrower must first approve the submitted documentation, followed by a review by Live Oak Bank's Construction Specialist to confirm compliance with all bank requirements.

- Disbursements will be made on an as needed basis negotiated with the contractor not to exceed one per month, unless otherwise agreed upon.
- 7-10 business days are required to process a disbursement request upon receipt of all necessary documentation.
- 10% retention will be held on all payments (including labor and material) unless otherwise approved or per state mandate.
- Individual line items (including overhead and profit) are funded based on the overall percentage of completion as assessed by Live Oak Bank's 3rd party inspection consultant.
- Payments must be itemized and detailed in a line by line cost breakdown/schedule of values.
- Live Oak Bank reserves the right to determine the method of disbursement based on information provided by the contractor and/or type of project being financed. The borrower and contractor will be notified of which method has been selected prior to the initial disbursement of the loan.
- All deposits are to be approved by Live Oak Bank at its sole discretion. Any deposits approved will be paid to the vendor directly.
- If applicable, a title search will be received prior to each disbursement and must be free of liens.
- All required insurance and licenses must be current prior to each disbursement.
- Lien waivers are required from the general contractor, all subcontractors and major material suppliers.
- A conditional lien waiver from the general contractor is required for each progress payment. An unconditional lien waiver is required from all subcontractors and major material suppliers for work completed on previously paid progress payments. Wet signature or DocuSign required. We can accept certified electronic signatures on **subcontractor** and **vendor** lien waivers collected by the general contractor.
- A foundation endorsement and/or foundation survey may be required prior to payment of foundation related costs as required by the title company.
- Funds are only released for work complete. If a vendor requires a deposit, the assigned Construction Specialist will request the invoice documenting the deposit requirement from vendor.
- If an additional site inspection is requested for the sole benefit of the contractor, an additional fee may be charged at the time of the inspection.
- Live Oak Bank reserves the right to request subcontract buyout list at any time during the project.
- Live Oak Bank reserves the right to pay subcontractors directly.
- Change orders must be approved by Live Oak Bank prior to change work commencing. Wet signature, DocuSign, certified electronic signature accepted.
- Final payment will be issued upon receipt of the certificate of occupancy, all lien releases, and signed off punch list.