

CONSTRUCTION DRAW SCHEDULE AGREEMENT

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This Construction Draw Schedule Agreement (this "Agreement") is entered into as of [EFFECTIVE DATE] (the "Effective Date") by and between:

[CONTRACTOR LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [CONTRACTOR ADDRESS] ("Contractor"); and

[OWNER LEGAL NAME], [an individual / a STATE ENTITY TYPE] with an address at [OWNER ADDRESS] ("Owner").

Contractor and Owner are each a "Party" and together the "Parties."

Recitals. The Parties entered into a construction contract dated [ORIGINAL CONTRACT DATE] for work at [PROJECT ADDRESS] (the "Contract") with a total contract price of [\$CONTRACT PRICE] (the "Contract Price"). The Parties wish to set a phased payment, or "draw," schedule that ties Owner's payments to documented progress of the Work. This Agreement establishes that schedule and the conditions for each draw. In consideration of the mutual promises below, the Parties agree as follows.

1. Definitions

1.1 Draw. A "Draw" is a scheduled progress payment by Owner to Contractor tied to completion of a defined phase or milestone of the Work.

1.2 Draw Request. A "Draw Request" is Contractor's written application for a Draw, including the supporting documentation required by Section 4.

1.3 Retainage. "Retainage" is the portion of each approved Draw that Owner withholds until final completion, as stated in Section 5.

1.4 Lender. If the Project is financed, "Lender" means [LENDER NAME / N/A], whose draw and inspection requirements, if any, are reflected in this Agreement.

2. The Draw Schedule

2.1 Schedule. Owner will pay the Contract Price in Draws keyed to the milestones below. The percentages and amounts are illustrative and must be adjusted to the Project:

Draw No.	Milestone / Phase	% of Contract Price	Draw Amount
1	Deposit / mobilization, permits, and site prep	[10%]	[\$AMOUNT]

2	Foundation complete and inspected	[15%]	[\$AMOUNT]
3	Framing and roof dry-in complete	[20%]	[\$AMOUNT]
4	Rough mechanical, electrical, and plumbing complete and inspected	[20%]	[\$AMOUNT]
5	Insulation, drywall, and interior finishes	[15%]	[\$AMOUNT]
6	Final trim, fixtures, and systems complete	[10%]	[\$AMOUNT]
7	Final inspection, punch list, and closeout	[10%]	[\$AMOUNT]
Total		100%	[\$CONTRACT PRICE]

2.2 No advance payment. Except for the initial deposit/mobilization Draw, no Draw is payable before the corresponding milestone is completed and verified under Section 4. Local law may cap the initial deposit for certain residential work; the deposit will not exceed the maximum permitted by applicable law.

2.3 Stored materials. [OPTIONAL: A Draw may include the cost of materials suitably stored on site or at a bonded location, supported by invoices and evidence that title passes to Owner and the materials are insured and protected.]

3. Funding and Lender Conditions

3.1 Owner funding. Owner represents that it has, or has arranged, funds or financing sufficient to pay each Draw when due, and will provide reasonable evidence of funding on Contractor's request before the Work begins.

3.2 Lender draws. If a Lender funds the Project, each Draw is also subject to the Lender's inspection and disbursement requirements. Owner will cooperate to ensure the Lender's process does not unreasonably delay payment of an approved Draw.

3.3 Delay in funding. If a Draw is not funded within the time in Section 4 due to no fault of Contractor, Contractor may suspend the Work on [NUMBER] days' written notice until the Draw is paid, and the schedule is extended accordingly.

4. Draw Requests and Verification

4.1 Submission. When a milestone is reached, Contractor will submit a written Draw Request stating the Draw number, the milestone completed, the amount requested, and the amounts previously paid and remaining.

4.2 Supporting documentation. Each Draw Request will include, as applicable: (a) an itemized schedule of values showing percent complete; (b) invoices or receipts for materials in the Draw; (c) conditional lien waivers from Contractor and, for prior Draws, lien waivers from subcontractors and suppliers paid; and (d) photographs or other reasonable evidence of completion.

4.3 Inspection. Owner or its designated inspector or the Lender may inspect the Work within [NUMBER, e.g. 5] business days of a Draw Request to verify the milestone is complete and conforming.

4.4 Approval and payment. Owner will approve or, in writing and with specificity, object to a Draw Request within [NUMBER, e.g. 7] days of receipt, and will pay each approved Draw, less Retainage, within [NUMBER, e.g. 10] days of approval.

4.5 Disputed items. Owner may withhold from a Draw only the reasonable value of Work that is genuinely incomplete or non-conforming, identified in writing, and will pay the undisputed balance on time. The Parties will resolve disputed amounts under the dispute-resolution terms of the Contract.

5. Retainage

5.1 Amount withheld. Owner may withhold Retainage of [e.g. 5% or 10%] from each approved Draw, not to exceed any maximum set by applicable law.

5.2 Reduction. At Substantial Completion, Retainage may be reduced or partially released as the Parties agree and as permitted by applicable law.

5.3 Release. Owner will release all remaining Retainage within [NUMBER] days after final completion of the Work, including the punch list, against Contractor's final lien waiver and required closeout documents.

6. Lien Waivers and Payment Conditions

6.1 Conditional and final waivers. Contractor will provide conditional lien waivers with each Draw Request and final lien waivers as each Draw clears, and will cause its subcontractors and suppliers to do the same, consistent with applicable law.

6.2 Payment of subcontractors. Contractor will apply Draw proceeds to pay the laborers, subcontractors, and suppliers whose work is included in the Draw, and will keep the Property free of liens arising from amounts Owner has paid.

6.3 Joint checks. [OPTIONAL: Owner may issue joint checks to Contractor and a named subcontractor or supplier where reasonably necessary to ensure lower-tier parties are paid.]

7. Adjustments

7.1 Change orders. Approved change orders that increase or decrease the Contract Price will adjust the affected Draw amounts proportionally or as the change order states.

7.2 Reallocation. With the Parties' written agreement, amounts may be reallocated among Draws to reflect the actual sequence of the Work, provided the total does not exceed the Contract Price as adjusted.

8. Default and Remedies

8.1 Owner default. Failure to pay an approved, undisputed Draw when due is a default. After [NUMBER] days' written notice and opportunity to cure, Contractor may suspend the Work, recover interest at the lesser of [e.g. 1.5%] per month or the maximum rate permitted by applicable law, and pursue its lien and contract remedies.

8.2 **Contractor default.** If Contractor fails to perform the Work for which a Draw was paid, or misapplies Draw proceeds, Owner may, after notice and opportunity to cure, withhold further Draws to the extent reasonably necessary and pursue its contract remedies.

9. General Provisions

- 9.1 **Incorporation.** This Agreement is part of and incorporated into the Contract. If a conflict exists, this Agreement controls on the timing and conditions of payment, and the Contract controls on all other matters.
- 9.2 **Authority.** Each person signing represents that they are authorized to sign on behalf of the Party for whom they sign.
- 9.3 **Governing law and venue.** This Agreement is governed by the laws of the State of [STATE], without regard to conflict-of-laws rules, and the Parties submit to the courts located in [COUNTY, STATE].
- 9.4 **Entire agreement; amendment.** This Agreement is the entire agreement of the Parties on the draw schedule and supersedes prior discussions on it. It may be amended only by a writing signed by both Parties.
- 9.5 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver.
- 9.6 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

CONTRACTOR	OWNER
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title: [TITLE]	Title: [TITLE / N/A]
Date: _____	Date: _____

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