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## Instructions for Sworn Statements and Waivers of Lien

**Examining Sworn Statements and waivers is the one of the most important functions a Title Company performs when insuring construction draws. It is extremely important that all information shown on the Sworn Statement be accurate to avoid delays with funding your draw request.**

1. When submitting a draw request, it must be accompanied by a Sworn Statement and corresponding waivers. Please do not submit receipts or invoices. We typically will not accept anything other than lien waivers, although we have made an exception for purchases from Big Box stores such as Lowe's, Home Depot, Menards etc., and small purchases (under \$100). We require all Sworn Statements to be signed by a builder, dated and notarized.
2. All sub-contractors, material suppliers and laborers who will be providing work or materials to the project must be listed on the Sworn Statement. We understand that all may not be decided upon the submission of the Sworn Statement, so in those cases put To Be Determined (TBD) on the specific lines to be filled out at a later date. It is extremely important that ALL subs/suppliers/laborers, not just those receiving payment on a particular draw, are listed on the SS. While names may be filled out at later date, it must be no later than the date of the request for payment made on their behalf.
3. The TOTAL CONTRACT PRICE for each trade contracted must be shown on each draw. If the exact contract amount is unknown, an estimate should be used and adjusted on a later draw via the CHANGE ORDER column.
4. Whether positive (+) or negative (-), any and all changes in contract amounts must be reflected on the Sworn Statement via the CHANGE ORDER column. The ADJUSTED CONTRACT PRICE amends the original contract price listed. The original CONTRACT PRICE + or - the CHANGE ORDER should equal the ADJUSTED CONTRACT PRICE thereby keeping the file in balance.
5. The amount in the ALREADY PAID column reflects the total of all prior draws/payments to the parties listed on the Sworn Statement.
6. The amount in the CURRENTLY OWING column shows the amount to be paid on the current draw request. These amounts must match and be exact following the prior draws. Randomly throughout the project lenders may order inspections to verify whether the work completed justifies the amounts having been disbursed and those being drawn.
7. If funds are being withheld from subs, suppliers or laborers, aka Retention, we may ask that a separate Sworn Statement be used to show amounts you have withheld.
8. The BALANCE TO COMPLETE column is a culmination of all previous payments; the amount being requested on the current draw and the amounts left owing to be paid in the future. This should be a positive number; if you find it to be negative, you will need to adjust the CONTRACT AMOUNT by using the CHANGE ORDER COLUMN.

## Checks and Balances

All figures listed in each column should add up to the totals at the bottom of the Sworn Statement. The AMOUNT ALREADY PAID plus the AMOUNT CURRENTLY OWING plus the BALANCE TO COMPLETE should all add up to the ADJUSTED CONTRACT PRICE.

## Waivers

There are 4 different types of waivers:

**Partial Conditional**-submitted when the sub/supplier/laborer will be paid a partial amount of their contract-amount waived is conditional upon payment.

**Partial Unconditional**- Acknowledges partial payment to subs/suppliers/laborers and waives lien rights in the amount listed on said waiver.

**Full Conditional**- submitted when supplier/laborer/sub will be paid all remaining funds owed for contract, lists specific amount and waives all rights to a lien conditional upon payment.

**Full Unconditional**-Acknowledges full payment of contract and waives all lien rights on the entire project. It does not list a specific dollar figure.

### **Waivers must be legibly signed and dated and include the following information:**

Phone number and mailing address of supplier/laborer/sub

Material or services provided

Property address of the construction site

Person(s) or company that has contracted them to provide labor or materials

Person(s) and title if signing on behalf of an entity.

**NOTE: If CONDITIONAL waivers are presented, Searchlight Title must cut the checks directly to the sub-contractor/supplier/laborer.**

### **Final Draw Request:**

When you submit your final draw request, all figures in the BALANCE TO COMPLETE

Column must be zero. Most lenders require the Certificate of Occupancy (final inspection) be supplied before they will fund the last draw. The final draw can be handled in one of two ways.

1) If the final draw has payments made to subs/suppliers/laborers, we require **Full Conditional Waivers** from all subs/suppliers/laborers and their final draw checks will be cut directly to the subs/suppliers/laborers by either the lender or Searchlight.

2) The "final draw" can be broken up into two draws; one zeroing out all subs/suppliers/laborers, check will be cut to the General to disburse and obtain all Full Unconditional Waivers. The final draw will be solely for the balance of the GC funds. Upon receiving all Full Unconditional Waivers, final draw will be released to the General.