

ONE-TIME CLOSE CONSTRUCTION

Completion Guide

Understanding Draw Administration

On the path to successful completion,

Fairway and Granite Risk Management are here every step of the way.

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WHAT TO EXPECT

A Closed Loan - A Home Under Construction

1 WELCOME

Granite sets up the project and sends the homeowner and builder draw instructions.

2 PERMITS

The builder obtains the required permits. Permit documentation is generally required before the first draw.

3 COMMUNICATION

Report progress, delays, disputes, liens, insurance updates, and changes promptly.

4 PROGRESS INSPECTIONS

Each draw is reviewed against visible completion, approved budget lines, and supporting documents.

5 PAYMENT

After a complete package is reviewed and Fairway funds the request, Granite releases funds to the approved payees.

6 COMPLETION

Final inspection, occupancy documentation, lien protection, and closeout items are completed before the final release and modification.

Our Commitment to You

Clear contacts and early communication help prevent avoidable delays.

GRANITE WELCOME EMAIL AND CALL

After setup, Granite provides the draw schedule, inspection preferences, required forms, submission instructions, and the initial Project Cost Report.

GRANITE RISK MANAGEMENT

- Coordinates inspections and draw administration
- Reviews draw documents and project cost activity
- Issues draw status and funding notifications
- Collects construction closeout documents

FAIRWAY CONSTRUCTION LENDING

- Approves eligible disbursements/draws
- Reviews exceptions, extensions, and material changes
- Coordinates final lender appraisal and modification
- Answers loan-term, completion, and modification questions

HOMEOWNER AND BUILDER PARTNERSHIP

The homeowner and builder must both authorize each draw before funding.

The builder completes the work and supplies accurate invoices, waivers, permits, and inspection access. The homeowner should report concerns early and should not assume that Granite or Fairway endorses the builder's performance.

Contact us early

Questions, delays, disputes, preliminary lien notices, or liens should be reported immediately. Funding may pause until an acceptable resolution is reached.

DRAW ADMINISTRATION

Submitting a Draw Request



A complete request is the fastest route to payment.

1 REQUEST

Builder submits the completed Construction Loan Disbursement Request / Authorization using Granite's portal or **FairwayDraws@GraniteRiskManagement.com**.

2 INSPECT

Granite coordinates an on-site, virtual, or mobile inspection, when required.

3 DOCUMENT

Identify the specific budget lines and provide required invoices, lien releases, and state-specific support.

4 FUND

After Fairway funds the approved request, Granite disburses to the designated recipients.

5 REVIEW

Granite compares the request with inspected completion, available line- item balances, title requirements, and loan policy.

TIMING

Granite's recommendation target is within three business days of a complete standard draw package, or within one business day after all trailing documents are received. Incomplete requests restart the timing.

LONG LEAD-TIME ITEMS

Specialty Material Deposits

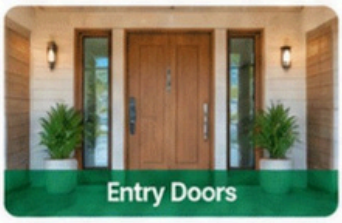
Select custom materials may need a deposit before they can be fabricated or delivered.

What may be eligible

- Appliances
- Cabinets and countertops
- Entry doors and custom interior doors
- Windows and trusses
- Tile roofing and structural steel
- Pools and similar specialty items













DEPOSIT LIMIT

For eligible custom or specialty items, Fairway may fund up to 50% of the approved budget for the affected line item when supported by an invoice. Approval is required before payment.

IMPORTANT LIMITATIONS

- Deposits are not a blanket advance against the project.
- Uninstalled standard materials are generally not funded because of theft, damage, delivery, and completion risk.
- FHA does not allow material deposits during the first or progress draws.
- FHA funds only completed work under the applicable draw requirements.
- The supplier may be paid directly, and documentation must identify the material, price, deposit requirement, and budget line.
- Labor is not included.

PLAN THE PAYMENT CADENCE

Understanding Your Included Draws



The allotted number of draws is based on total construction cost.

Construction cost	Included draws
$1 - $250,000	**5**
$250,000.01 - $500,000	**8**
$500,000.01 - $750,000	**10**
$750,000.01 - $1,000,000	**12**
$1,000,000.01 and above	**Determined after review**

ADDITIONAL DRAWS

*If more draws are needed than the project's allotted amount, each additional draw costs **$280.***

Extra draws should be anticipated in the construction contract and draw schedule whenever possible.

BUILDER PLANNING TIP

Group compatible trade work into meaningful milestones. Avoid requesting very small or fragmented draws that use the allotted draw count without moving the overall project materially forward.

KNOW BEFORE YOU REQUEST

What You Need to Know About the Draw Process

KEEP THE FILE CURRENT

- Permits before the first draw
- Builder license and insurance kept current
- Both signatures on every draw
- Each request assigned to specific budget lines
- State-specific lien documents supplied
- Safe and timely inspection access

AVOID FUNDING DELAYS

- Do not overdraw individual line items
- Do not request payment for a line with 0% completion
- Do not begin changed work before approval
- Do not ignore preliminary lien notices
- Do not pay outside the process without written approval
- Do not wait until term expiration to report delays

INSPECTION AND VARIANCE BASICS

Fairway allows a line-item or overall variance of 10%or less compared with inspected completion.

Granite generally will not amend a draw for a variance under $2,500 per line item, even when the 10% threshold is exceeded.

A line item inspected at 0% complete cannot support a draw.

An inspection may be waived for certain soft costs, approved deposits, recently inspected work, or other policy-defined circumstances.

TITLE AND LIEN PROTECTION

Title searches and lien documentation vary by state, project cost, and title requirements. Your Granite instructions will identify what is required for the property.

DO's and DON'Ts

DO

- Provide progress updates every 30 days
- Report disputes, liens, or builder concerns immediately
- Report weather, labor, utility, permit, or supply delays early
- Return requested signatures and documents promptly
- Maintain builder risk insurance and builder licensing
- Coordinate draw timing with the actual schedule

DON'T

- Do not change plans, scope, costs, or timing without approval
- Do not request funds for work that is not complete or supported
- Do not make unauthorized direct payments
- Do not begin work without required permits
- Do not allow work to stop without notifying the team
- Do not occupy before a Certificate of Occupancy or local equivalent

WHY EARLY NOTICE MATTERS

An unresolved dispute or lien can suspend the project. Early notice gives Fairway and Granite time to protect the project and work toward an acceptable solution.

MANAGING THE APPROVED BUDGET

Contingency, Changes, and Line-Item Transfers



Contingency

The contingency reserve protects the project from eligible cost overruns and approved changes. Granite compares project completion with contingency use so the reserve is not exhausted too early.

Change orders

- Document changes to scope, cost, plans, or schedule in writing.
- Obtain all required signatures and approval before the changed work begins.
- When contingency is available, the approved amount may be requested on the draw authorization.
- If contingency is unavailable, the homeowner may need to provide additional funds through a Fairway-approved process. The closed loan amount generally cannot be increased.

STOP: All changes to the scope of work must be approved by Fairway prior to purchase of materials or commencement of work. Changes may affect move-in date or valuation and loan terms.

Line-item transfers

- Documented savings from a completed line may be moved to another line with a shortfall.
- Granite may require a new contract, bid, completed Line-Item Transfer form, inspection confirmation, or homeowner signature.
- A builder may transfer 10% or less of a line as profit to another short line using the completed transfer form, subject to policy.

PROTECT THE FINISH

Do not use contingency for optional upgrades until required completion, safety, code, and original-scope needs are protected.

WHEN A RELATIONSHIP CHANGES

Changing Builders

A mid-project builder change is a high-risk event and requires written Fairway approval before more construction funds are released.



1 REQUEST

The homeowner provides a written request explaining the reason for replacement and identifying known recorded or pending liens.

2 DOCUMENT STATUS

Granite obtains an inspection and current title search. The prior builder's final lien waiver is requested when available.

3 REVIEW NEW BUILDER

The replacement builder submits the contractor questionnaire, license, insurance, W-9, and required qualification documents.

4 REBUILD THE PLAN

Provide a signed replacement contract and revised budget covering all remaining approved work.

5 CURE SHORTFALL

If the revised cost exceeds remaining funds, document the homeowner contribution or another Fairway-approved solution.

6 AUTHORIZE WORK

Work and further draws resume only after Fairway approval, required agreements, fees, and documentation are complete.

ADDITIONAL PROTECTION MAY BE REQUIRED

An indemnification and hold harmless agreement, contractor replacement fee, updated insurance, and other risk controls may be required.

DELAYS HAPPEN

Requesting an Extension of Completion



Do not wait until the construction period expires.

What to submit

- Written reason for the delay
- Current project status and recent inspection information
- Realistic revised completion date and schedule
- Builder confirmation and supporting documentation
- Current permits, insurance, and license information, when requested
- Updated qualification documents if Fairway determines they are required

EXTENSION FEE AND PERIOD

Extension fee of 0.250% of the total loan amount will be charged for each 30-day extension of the construction phase maturity date as stated in the Construction Rider to Note. Approval is not automatic and must be requested before the current period expires.

REQUALIFICATION IS NOT AUTOMATIC

A normal completion modification does not automatically require the homeowner to requalify. Updated credit, income, assets, appraisal, occupancy, or other documents may be required if the construction term runs over, permanent terms change, additional funds or reserves are needed, documents become too old, or another material eligibility change occurs.

FAILURE TO COMPLETE

Failure to complete within the approved period or obtain an extension may constitute a default under the construction loan documents, even when monthly payments are current.

THE FINISH LINE

Final Draw and Completion



The final draw confirms completion, protects title, and prepares the loan for permanent financing.

Final inspection checklist

- All approved plans, specifications, and change orders are 100% complete
- Certificate of Occupancy or local equivalent is available
- Required permits and local inspections are finalized
- Utilities, heating, water, electrical systems, and required life-safety items are operational
- The property is clean and free of debris that could interfere with inspection
- Final title, insurance, and appraisal requirements can be completed

Builder closeout documents

- Contractor's Final Waiver and Affidavit
- All Bills Paid Affidavit
- Notice of Completion, when applicable
- Final lien releases for filed Notices to Owner Certificate of Occupancy or local equivalent Program-specific certifications and warranties

$10,000 final holdback

Fairway requires a $10,000 holdback until the final appraisal inspection and final loan modification are complete and the homeowners sign the final documents. The builder's final payment may therefore be released in two parts.



PROGRAM-SPECIFIC CLOSEOUT

Government Loan Completion Items

FHA and VA projects require additional builder, property, and local-authority documentation.

FHA MAY REQUIRE

- Termite soil-treatment forms unless exempt
- Private well/septic approval and location documentation
- Water test dated within 180 days of final draw
- HUD Form 92544 one-year warranty
- Manufactured-home foundation certification
- Required local or HUD-format compliance inspections when no Certificate of Occupancy is issued

VA MAY REQUIRE

- Energy conservation certification
- Termite treatment documentation
- Private well/septic approval
- Lead and water-distribution certification
- Radon-resistant construction certification where applicable
- Soil or geological certification when applicable
- VA Form 26-1859 one-year warranty and, in some cases, a 10- year protection plan

LOCAL EQUIVALENT

When the local authority does not issue a Certificate of Occupancy or does not perform construction inspections, alternate inspection reports, certifications, warranties, and homeowner acknowledgments may be required. Contact Fairway before the planned final inspection.

YOUR MONTHLY RESPONSIBILITIES

Understanding Your Mortgage During Construction



Know where to pay, what your payment covers, and what changes near completion.

Making Your Monthly Payment

- Your construction loan payment is due each month during construction.
- Make payments to your loan servicer using the instructions provided after closing.
- If servicing is transferred, you will receive separate communication with updated payment instructions.
- If you are unsure where to submit your payment, contact your loan servicer immediately.

Service Mac Gateway
1-877-297-5350
Mon-Fri: 8:30 a.m. to 5:00 p.m. CST

bit.ly/4xLvAVb

Why Your Payment May Change

Most one-time close construction loans have interest-only payments during the construction period. Your payment is generally based on the amount of construction funds disbursed, your interest rate, and the number of days in the billing cycle. As more funds are advanced, your monthly payment will increase.

Construction Funds Disbursed	Payment Based On
$50,000	Interest charged on $50,000
$250,000	Interest charged on $250,000
$500,000	Interest charged on $500,000

Property Taxes During Construction

Property taxes are the homeowner's responsibility during construction and are not included in the interim construction loan payment. Monitor due dates, pay taxes when due, and retain proof of payment if requested. Unpaid taxes may delay completion or modification.

Insurance During Construction

- Required builders risk insurance coverage and flood insurance if applicable must remain active throughout the project.
- Builder's Risk coverage must remain in force until construction is complete.
- Builder licensing and insurance requirements must remain current.

FROM CONSTRUCTION TO HOMEOWNERSHIP

Moving to Your Permanent Mortgage



After completion and closeout, Fairway converts or modifies the loan to its permanent phase.

Insurance Near Completion

As construction nears completion, Fairway Servicing will contact the homeowner to coordinate the transition to a standard HO3 homeowners insurance policy. Contact your insurance agent early, arrange coverage effective before modification, and provide proof when requested. Modification cannot be completed until the required insurance documentation is received and approved.

Escrow Accounts After Modification

- Property taxes may be escrowed according to the permanent loan terms.
- Homeowners insurance may be escrowed according to the permanent loan terms.
- The permanent monthly payment may increase because taxes and insurance may now be included.
- Your loan servicer will provide updated payment and escrow information.

1. COMPLETE

Finish all approved construction and resolve punch-list items that affect completion.

2. VERIFY

Complete the final inspection, title, occupancy, and program requirements.

3. REVIEW

Fairway confirms whether updated qualification documents are needed.

4. INSURANCE

Fairway Servicing coordinates the transition from Builder's Risk coverage to an HO3 homeowners insurance policy and confirms required insurance documentation is received.

5. SIGN

The homeowner signs the modification agreement and related final documents.

6. RELEASE

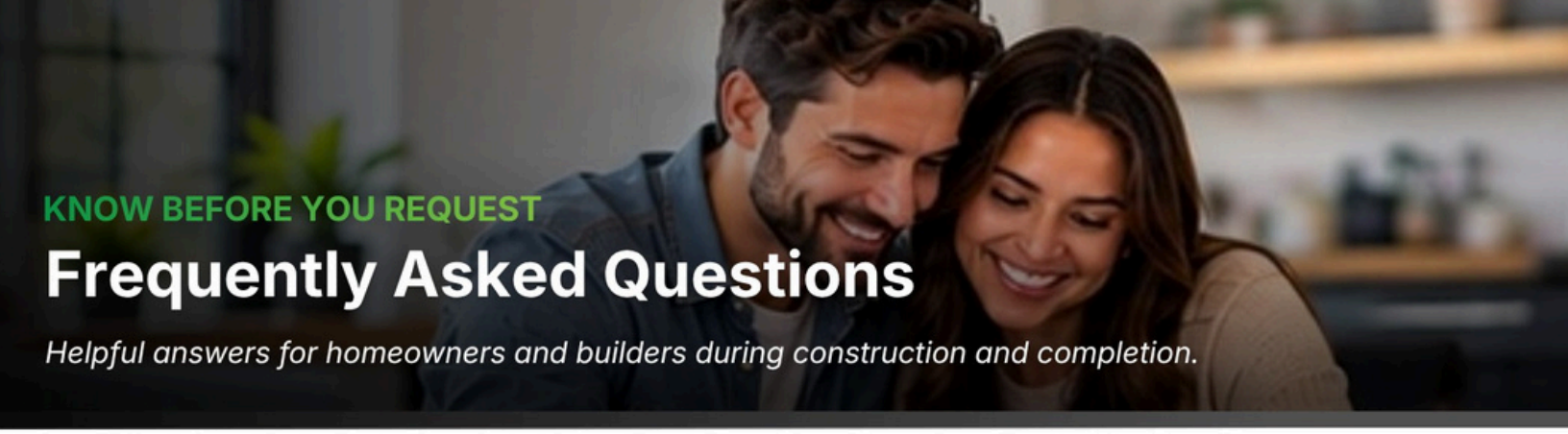
The remaining eligible final draw and holdback are released after applicable conditions are met.

7. TRANSITION

The loan moves to the permanent principal-and-interest payment. The servicer provides updated payment and escrow information.

Unused Funds

Remaining eligible construction funds, contingency, and certain unused project balances are always applied as a principal reduction rather than paid directly to the homeowner.



KNOW BEFORE YOU REQUEST

Frequently Asked Questions

Helpful answers for homeowners and builders during construction and completion.

WHERE DO I MAKE MY MONTHLY MORTGAGE PAYMENT?

Your loan servicer will provide payment instructions after closing. If servicing is transferred, you will receive separate instructions explaining where future payments should be sent.

WHY DID MY CONSTRUCTION PAYMENT CHANGE?

Construction-phase payments are generally based on funds disbursed from the construction account. As additional funds are advanced, the payment will increase.

ARE PROPERTY TAXES INCLUDED IN MY CONSTRUCTION PAYMENT?

No. Property taxes are the homeowner's responsibility during construction and are not included in the interim construction loan payment.

WHEN SHOULD I ARRANGE HOMEOWNERS INSURANCE?

Contact your insurance agent before construction is complete. Fairway Servicing will reach out as modification approaches to coordinate a homeowners insurance policy.

WHAT IF MY BUILDER ASKS FOR PAYMENT OUTSIDE THE DRAW PROCESS?

Contact Granite Risk Management or Fairway immediately. Construction funds should be distributed through the approved draw process unless Fairway provides prior written authorization.

WHAT IF CONSTRUCTION COSTS EXCEED THE AVAILABLE BUDGET?

The construction loan amount generally cannot be increased after closing. If available construction funds, contingency, and approved line-item transfers are exhausted, the homeowner may be responsible for additional funds.

WHAT HAPPENS TO UNUSED CONSTRUCTION FUNDS?

Unused eligible construction funds and contingency are generally applied to reduce the mortgage principal at modification.

WHEN CAN I MOVE INTO MY NEW HOME?

Do not occupy the home until a Certificate of Occupancy or local equivalent has been issued and all applicable occupancy requirements are satisfied.

WHO SHOULD I CONTACT WITH DRAW QUESTIONS?

Contact Granite at FairwayDraws@GraniteRiskManagement.com or 888-456-4888.

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Lucky Buxton
Loan Officer, NMLS 2449638
Office: 713-679-1123
Cell: (713) 679-1123
Fax: 866-397-9285
lucky.buxton@fairwaymc.com
www.fairwayindependentmc.com/lo/lucky-buxton-2449638

14547 Lake Business Drive, Suite 504 &505,Conroe,TX77304

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