



The Talon Group's **Construction Department** provides extensive administrative assistance to the contractor, the property owner, and lender during the commercial and residential construction process.

We assist in the preparation of the sworn statement, verifying with each draw request the sworn statement balances and all columns are accurate.

Prior to processing a draw request, The Talon Group's Title department will provide a title search, specifically looking for recorded mechanics lien and other matters of record.

Each draw request is forwarded to the Lender with the balanced sworn statement and the prior draw's lien waivers for their approval.

When we receive funding from the lender or property owner, we will disburse the funds and lien waivers to the builder, material suppliers and subcontractors as instructed.

All lien waivers must be received from the prior processed draw before approving the next draw.

The **Construction Department** will complete a final audit on all construction projects assuring all full unconditional lien waivers are received, all construction proceeds have been distributed and the Certificate of Occupancy has been issued.

We manage the new construction lien compliance administration for you!

The Talon Group Title & Escrow Agency
Construction Department
415 Munson Avenue, Traverse City, MI 49686
Telephone: (231) 600-7575 Fax: (231) 933-6232

[Email: Service@MyConstructionAdmin.com](mailto:Service@MyConstructionAdmin.com)

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Congratulations On Your New Construction Project!

Please take some time to review this information. This packet will introduce you to the role that we play in your new construction, as well as a guide and reference. Included is an explanation of the Michigan Lien Compliance requirements and SAMPLE documents for your reference. After you review this packet, if you have any questions, we would be happy to answer your questions or explain in further detail. We prepare the documents that will require a signature and proved excel version of the sworn statement when you are ready to proceed. The construction team at Talon looks forward to working with you and or your builder on your construction project.

******If this is a primary residence, please make sure to let us know so we can include the Primary Residence Exception form which will need to be filed with your local register of deeds.***

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Construction Process Builder

Congratulations on your new construction project and thank you for choosing **The Talon Group's Construction Department** to assist you with the Michigan Compliance paperwork. The following is a brief description of the services we offer.

The first thing we need is a copy of the **signed construction agreement** between the builder and property owner and the **builder's license** if a builder is hired.

The Notice of Commencement (NOC) will be recorded with the Register of Deeds in the county where the property is located. If the property owner is working with a lender, this document will be prepared and recorded by the Title Agency, sign at the time of closing. The NOC is required to be posted at the construction site and we will have a copy in your file. If there is no lender involved, the construction department will prepare and record the NOC with the Register of Deeds.

A **sworn statement** will need to be provided, sample in packet attached. The sworn statement contains a **DETAILED** list of names of subcontractors and material suppliers, as well as the total cost for the project. When submitting the draw request, you are submitting the sworn statement, and this should reflect who payment is requested to. Once we have all the information needed to submit the draw request, our staff will review the sworn statement and all other requested documents for accuracy and request a title update, showing clear title.

After the first draw request, **we do require all lien waivers**, and or receipts from all materials or subcontractors who worked on the job. We accept paid receipts and we **do not accept INVOICES, PIC TICS, CREDIT CARD RECEIPTS OR CANCELLED CHECKS as proof of payment.**

Inside this packet you will find a brief description and sample forms you will be using throughout the construction process. Please feel free to reach out to the construction department if you have any questions.

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Construction Draw Process

- The general contractor (homeowner If this is a self-build), will submit the sworn statement to the construction department. This must be signed in front of a notary, which we offer free of charge.
- Each request we will request a title search from our Title Department to ensure that there are no recorded liens.
- All lien waivers from the prior draw must be submitted, prior to the new draw request. The sworn statement, lien waivers and all receipts will be reviewed for accuracy and once approved will be sent to the lender and or homeowner for funding and approval.
- The lender will then review and approve if all the information is received. The lender may or may not order an inspection, please check with the lender to see when and how many they will require. The lender may also require the borrower to approve and sign off before funding.
- When the draw is approved, we are notified by the lender. Depending on the lender, the homeowner or builder could be funded directly, or they may fund Talon Title. Most lenders wire the fund, although some do send in checks. Please check with your lender as to how they will be funding.
- Talon will prepare the checks and waivers to the subcontractors/General Contractor and any vendors per the sworn statement. Each payee is required to sign a lien waiver when payment is received.

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- **Final Draw** All lien Waivers from the previous DRAW must be submitted to the construction department. The General Contractor must also submit FULL conditional lien waivers signed by the subcontractors, vendors, suppliers, or anyone who has provided materials and or labor on the construction project. If we do not pay the sub-contractors directly and we may hold back from the General Contractor until we have received unconditional waivers and they have been approved.

- If you the construction department is issuing payment directly to the subcontractors, we must receive the waiver back within 30 days of final payment.
- Please make sure all vendors, subcontractors and suppliers complete the waiver in full and it is legible. This ensures that we have the correct information for checks and or if we need to contact them.
- If this is a primary residence, please make sure to let us know so we can include the Primary Residence Exception form which will need to be filed with your local register of deeds.

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ADMINISTRATION AGREEMENT

THIS AGREEMENT, which is, given, and agreed jointly as of this _____ day _____ of 20____, with **THE TALON GROUP TITLE & ESCROW AGENCY**

By _____, **OWNER**

and _____,
CONTRACTOR

and _____, **LENDER**

WITNESSETH:

WHEREAS **OWNER** has entered a Construction Contract with **CONTRACTOR** for new / remodel construction of a residential / commercial dwelling upon the premises located at:

with a **PROJECTED** cost of \$_____ in conformity with plans and specifications, agreed upon between said parties, a copy of signed agreement attached as Exhibit "A."

WHEREAS THE OWNER and CONTRACTOR agree that THE TALON GROUP TITLE & ESCROW AGENCY shall function as Designee and all construction funds will be disbursed by THE TALON GROUP TITLE & ESCROW AGENCY.

NOW THEREFORE OWNER AND CONTRACTOR, jointly and severally, instruct THE TALON GROUP TITLE & ESCROW AGENCY to administer the construction draws as follows:

1. Pursuant to a satisfactory Sworn Statement, submitted to THE TALON GROUP TITLE & ESCROW AGENCY, which discloses the names and addresses of Contractor, Sub-Contractors and Suppliers, the amounts to be paid, signed by the CONTRACTOR in front of a notary public. The original Sworn statement to be provided to and held by THE TALON GROUP TITLE & ESCROW AGENCY.
2. Upon each draw request by the CONTRACTOR, OWNER will provide funds sufficient to pay all amounts shown on the Sworn Statement
3. THE TALON GROUP TITLE & ESCROW AGENCY will collect properly executed lien waivers conforming to said Sworn Statement and disbursements.
4. THE TALON GROUP TITLE & ESCROW AGENCY will obtain prior to each construction draw approval from the OWNER via email or by satisfactory written and signed authorization.

All funds deposited with THE TALON GROUP TITLE & ESCROW AGENCY shall be held in a non-interest-bearing account. Any remaining funds deposited with THE TALON GROUP TITLE & ESCROW AGENCY which exceed the amount to be disbursed pursuant to the Construction Contract shall be held in escrow or returned to OWNER and/or Owner's lender, if any, as per the Owner's or the lender's direction.

Should any party to this agreement notify THE TALON GROUP TITLE & ESCROW AGENCY of an objection to disbursement(s) pursuant to this agreement, THE TALON GROUP TITLE & ESCROW AGENCY shall, at its sole discretion, hold the funds in its possession in a non-interest-bearing account until new joint instructions signed by all parties to this agreement are received and accepted by THE TALON GROUP TITLE & ESCROW AGENCY. If such instructions are not received in a timely basis THE TALON GROUP TITLE & ESCROW AGENCY may, after giving the parties ten days written notice, commence an interpleader action in a court of competent jurisdiction and deposit all funds and documents with said court, retaining however any and all amounts necessary to pay THE TALON GROUP TITLE & ESCROW AGENCY costs and reasonable attorneys' fees for taking such action. Any notice of objection shall be delivered to THE TALON GROUP TITLE & ESCROW AGENCY by Certified Mail with return receipt at 415 Munson Ave., Ste. 102, Traverse City, MI 49686 and shall be deemed effective as of the date of receipt thereof by THE TALON GROUP TITLE & ESCROW AGENCY

OWNER and CONTRACTOR agree to promptly notify THE TALON GROUP TITLE & ESCROW AGENCY of any changes of or deviating from the Construction Contract, either in dollar amount or quality and/or quantity of construction or if any or all said parties receive any lien or notice of intent to claim a lien from any contractor, subcontractor, or material supplier in connection with the construction. The Sworn Statement shall be updated immediately to reflect said changes.

OWNER and CONTRACTOR hereby holds harmless THE TALON GROUP TITLE & ESCROW AGENCY from any liability in the event the disbursement of funds are insufficient to complete the construction, free and clear of construction lien claims whether it be due to additions and/or upgrades chosen by OWNER for which no additional funds have been received, or because CONTRACTOR is unable to complete construction in conformity with the approved and agreed plans and specifications at the price set forth in the Construction Contract referenced above.

OWNER agrees to promptly reimburse THE TALON GROUP TITLE & ESCROW AGENCY for any expense reasonably and necessarily incurred in prosecuting or defending any action

to which THE TALON GROUP TITLE & ESCROW AGENCY becomes a party as a result of any dispute arising anyone claiming an interest in the funds deposited with THE TALON GROUP TITLE & ESCROW AGENCY by LENDER and to hold THE TALON GROUP TITLE & ESCROW AGENCY harmless from any liability for actions taken in the performance of THE TALON GROUP TITLE & ESCROW AGENCY under this agreement.

Administration
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Owner and Builder acknowledge and agree THE TALON GROUP TITLE & ESCROW AGENCY is not a party to the Building Agreement or Construction Contract nor shall be responsible for the terms and conditions contained therein, including but not limited to the following:

1. The sufficiency of funds necessary to complete construction.
2. Whether the construction will be completed or when completed, the building will be in conformity with plans and specifications or meet governmental requirements and/or specifications.
3. The amount or quality of work (both workmanship and materials) in place.

OWNER AND BUILDER also acknowledge and agree THE TALON GROUP TITLE & ESCROW AGENCY is an unbiased third party whose sole purpose is acting as Designee and facilitating the administration of the construction draws. Therefore, **THE TALON GROUP TITLE & ESCROW AGENCY is NOT**

- 1. A construction manager or architect.**
- 2. Your attorney.**
- 3. Your accountant.**
- 4. Property manager.**
- 5. Your agent.**
- 6. Inspecting the property/improvements.**
- 7. Guarantying the quality of the workmanship of the improvements or the quality of the materials.**

8. Guarantying the work will be completed or when.

The above agreement is accepted by all parties hereto as of the date and year first written above.

THE TALON GROUP TITLE & ESCROW AGENCY

BY: _____

Owner

Owner

Contractor

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DEFINITIONS

NOTICE OF COMMENCEMENT

Provides information relative to the ownership of the property, the legal description of the property, the name of the general contractor (if any).

Talon Construction Services, LLC (TCS) will be named as Designee.

Signed by the Owner in front of a Notary Public.

The original document will be recorded with the Register of Deeds in the County where the property is located.

Must be posted at the construction site along with a blank Notice of Furnishing.

SWORN STATEMENT

Gives the description of all work and materials for which the homeowner is charged.

An itemized list, in statutory form of all persons, their addresses and telephone numbers, who will provide improvements, material and/or labor, and an accounting of all monies due and paid.

Submit with each draw request to pay for labor and material.

Must be accurate as of the date it is signed in front of a Notary Public.

DRAW REQUEST

During the construction of a new home, the owner or lender delivers construction funds through several "DRAWS" rather than in one lump sum at the beginning or end of the build process.

These draw payments compensate the builder and/or subcontractors for materials and labor they have provided without paying for work that hasn't happened yet.

A typical construction project can have between four and seven payments or "DRAWS", depending on the project and the lender.

CHANGE ORDER

A written document signed by the owner and the builder/contractor authorizing a change in the work or an adjustment in the contract sum or the contract time.

This change will also be reflected in the Sworn Statement.

LIEN WAIVERS (Partial and Full)

TCS will prepare and issue with the draw payment check(s).

Lien Waivers must be signed by each subcontractor and supplier at the time of receiving payment.

Signed Lien Waivers are required to be returned to TCS prior to the next draw request.

CERTIFICATE OF OCCUPANCY

Given by the County Building Department after completion of construction and final inspections.

TCS will need a copy to complete the final draw and close your file.

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