



CLIENT ACCOUNTING ADVISORY SERVICES GUIDE

How to Streamline Draw Requests in Real Estate Development

Managing construction projects can be a daunting task, especially when it comes to adhering to timelines and budgets. To avoid issues that often result in project delays, it is helpful to have systems in place to keep everything on track. A draw request, or a formalized request for funds disbursed when completing certain phases of the project, is an excellent example of such a system. The primary benefits of which, include:

1. **Ensuring payments are made timely** and contractors are compensated for completed work.
2. **Tracking the progress of the project** and verifying it is advancing as planned.
3. **Providing assurance** to the lender that their investment is being used appropriately.

HOW IT WORKS?

After each phase of a project is completed, the contractor submits a draw request to the project owner or lender to initiate payment and receive the funds required to keep the project moving forward. In the request or what is commonly known as the “draw package,” contractors need to provide documentation—including invoices and receipts detailing proof of material purchases and labor costs—to show that the money requested has been used for the project. Additionally, draw packages, which can vary based on the lender, may also require the inclusion of change orders and details on upcoming deliverables to ensure that all clearly understand how the project will proceed.

HOW TO EXECUTE?

Producing a complete and accurate draw report benefits all parties involved as it helps ensure projects stay on schedule and everybody is on the same page. While the process may sound simple, the process can be quite complex and often takes time and resources that are not typically available. These complexities often lead to delays in developing the draw package, the inclusion of inaccurate information, and sometimes request denials, which benefits no one. To assist with the process, contractors or real estate/project owners can employ an outsourced provider to monitor and manage the development of accurate and timely draw requests. Outsourcing components of the draw package to an external provider offers a variety of benefits for both parties, including the following:

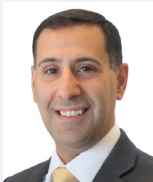
- **Benefits for Contractors and Project Managers:** An experienced outsourced provider can work with the developer, contractor, and project manager to process received invoices, code them appropriately, and input them into the draw package. Once this step is completed, the outsourced team could also review the package to check for missing items as well as identify line items that don't fall within budget expectations. This level of monitoring will help ensure the final draw package has the financial information required to meet the needs and expectations of the owners or lenders—resulting in more timely acceptance and funding to keep the project on schedule.
- **Benefits for Owners:** Real estate/project owners may seek assistance with overseeing ground-up construction or major projects. By leveraging an outsourced team of financial and industry professionals, owners can benefit from a team that has the experience to project

manage and review the development of a draw package. With an experienced team ensuring the accuracy of the draw requests, owners can rest assured that the proper requirements are being met and that their projects will move forward with fewer delays. Outsourced providers will leverage their accounting and finance expertise to thoroughly examine each invoice and other financial data within the draw package to ensure that all financial documents are correct, properly coded, and aligned with project budgets and scope of work—reducing the risk of errors and costs associated with delays.

Developing a comprehensive approach to the development and submission of draw requests not only facilitates timely fund disbursements to the contractors but also provides peace of mind to protect owners and lenders in knowing that their investments are being managed with precision and care.

Your CAS Team

To learn more about how to efficiently manage draw requests in real estate development and how Anchin can assist in streamlining this process by ensuring accuracy and reducing delays, please reach out to [Anthony Carrella](#), Partner & Leader of Anchin's CAS Group, [Joe Perotta](#), Director of Anchin's CAS Group, or your Anchin Relationship Partner.



ANTHONY CARRELLA, CPA, CGMA

Partner & Leader —
Client Accounting Advisory Services
anthony.carrella@anchin.com
212.840.7066



JOE PEROTTA

Director —
Client Accounting Advisory Services
joseph.perotta@anchin.com
212.840.7066

