KOW BUILDING CONSULTANTS

NATIONAL REACH
LOCAL INSIGHT

CONSTRUCTION CONSULTING

Chief Engineer Review - Construction Progress Report

100 Example Avenue
Sample City, CA 90000

KOW JOB #	REPORT DATE
2026-KOW	Jun 15, 2026
PREPARED FOR	**PROJECT NAME**
Sample Client	Sample Apartments — LIHTC New Construction

PREPARED BY

KOW Building Consultants

1034 W Jericho Turnpike
Smithtown, NY 11787
kowbc.com

- CONSTRUCTION CONSULTING
- EXISTING BUILDING DUE DILIGENCE
- ENVIRONMENTAL
- SUSTAINABILITY

TABLE OF CONTENTS

Project Overview 4
Budget and Draw Summary 9
Schedule Summary 10
KOW Findings and Conclusions 12

Chief Engineer Review — CPR

Sample Apartments — LIHTC New Construction
100 Example Avenue
Sample City, CA 90000

Prepared For:
Sample Lender Bank, N.A.
Attn: Sample Client Contact, Construction Loan Officer
1 Finance Plaza
Sample City, CA 90000

Reliant Parties:
None

Original Issue Date: June 15, 2026

SAMPLE REPORT — For illustration of KOW's report format only. Project and third-party identities have been anonymized. This example is not an assessment of the sample project's address and is not a current recommendation to disburse funds.
KOW Building Consultants has performed a Chief Engineer Review of the Construction Progress Report (Draw No. 4) prepared by Sample Inspection Firm (June 2, 2026) for Sample Apartments — LIHTC New Construction, located at 100 Example Avenue, Sample City, CA 90000. This review has been prepared on behalf of Sample Lender Bank, N.A. in connection with the Conventional construction loan monitoring requirements for the above-referenced project.

The purpose of this review is to independently evaluate the adequacy, accuracy, and completeness of the third-party Construction Progress Report submitted in connection with Draw No. 4, and to provide our professional concurrence or exception with respect to the disbursement recommendation contained therein.

Our findings are set forth in the attached report. Please do not hesitate to contact us with any questions.

Lucas Giacalone
Director | Technology & Compliance
lucasg@kowbc.com | 631.972.3322

Kenneth F. Wille, PE, LEED AP
President and CEO
Kenf@kowbc.com

This report is for the exclusive use of the client and the reliant parties listed above. No other use or third-party is intended, either by the client or KOW Building Consultants.

Project Overview

Project Name	Sample Apartments — LIHTC New Construction
Project Address	100 Example Avenue, Sample City, CA 90000
Borrower / Owner	Sample Housing Partners, L.P.
General Contractor	Sample General Contractor
Architect of Record	Sample Architects, LLP
Lender / Client	Sample Lender Bank, N.A.
Applicable Agency	Conventional
Loan Amount	$30,000,000
Construction Start Date	December 31, 2025
Original Projected Completion	August 30, 2027
Current Projected Completion	October 4, 2027
Total Construction Budget	$29,856,028
CPR Prepared By	Sample Inspection Firm
CPR Report Date	June 2, 2026
Draw Number	Draw No. 4
Draw Period	April 1, 2026 – April 30, 2026

Draw Package Checklist

#	Document Name	Received	Notes
1	Executed Application for Payment (AIA G702 and G703)	Yes	G702/G703 provided for both the 4% and 9% components.
2	Partial Waiver of Lien — General Contractor	Yes	GC (Sample General Contractor) conditional and unconditional waivers provided.
3	Partial Waivers of Lien — Subcontractors	No	Subcontractor partial lien waivers not provided this period.
4	Executed Change Orders	N/A	No executed change orders this period (PCO log maintained).
5	Construction Schedule, as updated	Yes	Current schedule dated 4/22/2026 provided.
6	Request for Information (RFI) Log	Yes	RFI log reviewed.
7	Submittal / Shop Drawing Log	Yes	Submittal / shop drawing log reviewed.
8	Change Order Log	Yes	Change order log provided.
9	Potential and/or Pending Change Order Log	Yes	PCO log provided; additional rock-blasting PCOs anticipated.
10	Permit Log	Yes	Permit log provided for all 5 buildings.
11	Buyout Log or Anticipated Cost Report (ACR)	No	Buyout log / ACR not yet provided.
12	Controlled / Special Inspection Log	No	No controlled / special inspection reports received to date.
13	Non-Compliance Report (NCR)	N/A	No non-compliance reports applicable this period.
14	Deposit and/or Stored Materials Log	No	No stored-materials log provided; $16,638 doors/hardware deposit noted.
15	Meeting Minutes	N/A	Construction meeting minutes not provided.

8 of 15 received · 0 partial · 4 not received · 3 N/A

CPR Adequacy Checklist

#	Review Item	CPR Finding	KOW Assessment	KOW Notes	Status
1	CPR Completeness	CPR includes letter, executive summary, project overview, budget summary (G702/G703 for both the 4% and 9% components), contingency, stored materials & lien waivers, construction-progress matrices, schedule, permits, document checklist, and G703 analysis.	Concur	All standard sections are present and well organized.	Satisfactory
2	Inspection Date and Frequency	Site visit performed 05/07/2026; documentation received 05/28/2026. Inspector reports monthly site cadence.	Concur	Inspection date and monthly cadence are clearly identified and consistent with loan monitoring.	Satisfactory
3	Inspector Qualifications	Inspector identified (Sample Inspector, Sample Inspection Firm).	Concur	Inspector identified; qualifications consistent with origination expectations.	Satisfactory
4	Percent Complete — Overall	Overall percent complete reported as 5.7% (4%) and 13.6% (9%); blended ≈ 10.5%.	Concur	Reported completion is reasonable and supported by the G703 and progress narrative.	Satisfactory
5	Percent Complete — By Division/Trade	G703 analysis presented at the line-item level; progress matrices reported by building and system.	Concur	Sufficient trade-level detail to support the draw.	Satisfactory
6	Schedule Review	Schedule comparison provided; current schedule dated 4/22/2026 with completion of 10/04/2027.	Concur	Schedule status and updated completion date are addressed.	Satisfactory
7	Schedule Variance Explanation	Reported 35 days behind contract completion (08/30/2027 → 10/04/2027); root causes are rock blasting and wet weather. 61 cumulative delay days tracked.	Exception	Variance and root cause are explained, but no formal recovery plan is provided. Recommend the GC submit a recovery/ mitigation plan.	Conditional
8	Draw Request Amount	Current payment due of $101,555.16 (4%) + $502,844.34 (9%) =	Concur	Draw request is supported by the work in place as reported.	Satisfactory

#	Review Item	CPR Finding	KOW Assessment	KOW Notes	Status
		$604,399.50, consistent with the G702/G703.			
9	Cost-to-Complete Assessment	CPR opines remaining funds appear sufficient except as noted; however the 9% hard-cost contingency is exhausted.	Exception	Cost-to-complete is adequate for base scope only; contingency shortfall on the 9% component must be resolved.	Conditional
10	Contingency Status	4% HCC remaining $305,600 (53.3%); 9% HCC remaining -$79,968 (-9.0%), and -$265,981 (-29.8%) after PCOs.	Exception	The 9% hard-cost contingency is exhausted and exceeded due to unforeseen rock conditions; additional funding sources should be identified.	Unsatisfactory
11	Change Order Review	Change orders identified and logged; rock-blasting COs 12-14 totaling $277,351 requested this period; net CO on the 9% component $972,312.	Concur	Change orders are summarized with budget and schedule impacts addressed.	Satisfactory
12	Retainage	5% retainage held; CPR notes the held retainage may differ from the executed contract language (tiered 10%/10%/5%).	Exception	Confirm retainage against the executed contract; KOW reviewed a draft contract at Plan & Cost Review.	Conditional
13	Stored Materials	No stored materials on-site or off-site; $16,638 doors/hardware shop-drawing deposit listed as non-work-in-place.	Concur	Stored-materials request is limited and appropriately disclosed.	Satisfactory
14	Outstanding Issues Log	Critical-issues narrative provided and a PCO log is maintained.	Concur	Running issues are tracked, though a single consolidated status column would aid the lender.	Satisfactory
15	Lien Waiver Coverage	GC conditional/ unconditional lien waivers received; subcontractor partial lien waivers not received this period.	Exception	Obtain subcontractor lien waivers consistent with amounts previously paid.	Conditional
16	Permit Status	Building permits active for all 5 buildings (issued 12/23/2025); no violations or stop-work orders this period.	Concur	Permit status is current and documented in the permit log.	Satisfactory
17	Quality / Non-Compliance	No construction defects reported; observed quality	Concur	No outstanding quality or non-compliance items.	Satisfactory

#	Review Item	CPR Finding	KOW Assessment	KOW Notes	Status
		in general conformance with contract documents; no NCRs.			
18	Safety	No stop-work orders reported; site safety conditions are not separately described.	Not Addressed	Recommend the CPR add a brief site-safety observation in future periods.	Conditional
19	Contractor Performance	Estimated workforce of 25-30; trade coordination and manpower reported adequate for this stage.	Concur	Contractor performance and staffing appear adequate.	Satisfactory
20	Lender Notifications	CPR defers contingency-funding decisions to lender discretion; change-order approval limits were not detailed to the inspector.	Exception	Lender action is required on the 9% contingency shortfall; confirm CO approval thresholds with the inspection firm.	Conditional
21	Disbursement Recommendation	CPR recommends funding of $604,399.50, agrees with reported percent complete, and flags inadequate remaining contingency.	Concur	Disbursement recommendation is clear and conditions are stated.	Satisfactory
22	Applicable Agency / Standard Reference	CPR is consistent with conventional construction-loan monitoring practices for the lender.	Concur	Consistent with applicable lender requirements.	Satisfactory

15 Satisfactory · 6 Conditional · 1 Unsatisfactory · 0 N/A

Budget and Draw Summary

Total Construction Budget	$29,856,028
Draw Request Amount — Current	$604,400
Cumulative Draws to Date (incl. current)	$3,127,407
Remaining Budget	$26,728,621
% of Budget Disbursed	10.5%
% Complete per CPR	10.5%

Notes

The combined current draw of $604,399.50 is supported by the reported work in place. Remaining budget appears adequate for the base scope. The 4% hard-cost contingency remains healthy at $305,600 (53.3%), but the 9% hard-cost contingency is exhausted at -$79,968 (-9.0%) and -$265,981 (-29.8%) after PCOs, driven by unforeseen rock excavation. Cost-to-complete credibility is contingent on identifying additional funding for the 9% component.

Schedule Summary

Construction Start Date	December 31, 2025
Original Projected Completion	August 30, 2027
Current Projected Completion (per CPR)	October 4, 2027
Schedule Variance	35 days behind

Notes

Construction commenced 12/31/2025. The current schedule (dated 4/22/2026) projects completion of 10/04/2027, approximately 35 days beyond the 08/30/2027 contract completion. The critical path is excavation and completion of rock blasting / removal; 61 cumulative delay days have been tracked across weather and unforeseen site conditions. No formal recovery plan has been provided; KOW recommends the GC submit one.

Outstanding Issues

#	Issue Description	Date First Noted	Status	KOW Notes
1	9% hard-cost contingency is exhausted and exceeded (-$79,968; -$265,981 after PCOs) due to unforeseen rock conditions.	June 2, 2026	New	Additional funding sources should be identified; further rock-blasting change orders are anticipated over the next two periods.
2	Retainage held may differ from the executed contract language (tiered 10%/10%/5%).	June 2, 2026	Ongoing	Confirm against the executed contract; executed copy requested but not yet received.
3	Subcontractor partial lien waivers not received for amounts previously paid.	June 2, 2026	Ongoing	Obtain subcontractor waivers consistent with prior draw amounts.
4	Schedule is 35 days behind contract completion; rock blasting / excavation remains on the critical path.	June 2, 2026	Ongoing	Request a GC recovery/mitigation plan and monitor critical path.
5	Buyout log / ACR and controlled/ special inspection logs not yet provided.	June 2, 2026	Ongoing	Request from the GC to support future cost-to-complete validation.

KOW Findings and Conclusions

KOW Findings

Based on our review of the Construction Progress Report prepared by Sample Inspection Firm dated June 2, 2026 for Draw No. 4 (April 1, 2026 – April 30, 2026), KOW Building Consultants offers the following findings:

Draw Package Documentation: The core draw package was received, including the executed G702/G703, the GC lien waivers, the updated construction schedule, and the RFI, submittal, change order, PCO, and permit logs. The following items were not received or were not applicable this period: subcontractor partial lien waivers, the buyout log / ACR, the controlled / special inspection log, the stored-materials log, and meeting minutes.

CPR Adequacy: The CPR is generally complete and addresses all required review criteria. KOW concurs with the majority of the inspection firm's findings. Exceptions were noted with respect to schedule variance (no formal recovery plan), cost-to-complete and contingency status (9% hard-cost contingency exhausted), retainage (possible deviation from the executed contract), lien-waiver coverage (subcontractor waivers outstanding), site safety (not separately addressed), and lender notifications (contingency shortfall requiring lender action).

Budget and Schedule: The combined current draw of $604,399.50 is supported by the reported work in place (blended ≈ 10.5% complete). The 4% component retains adequate contingency (53.3%), but the 9% component contingency is exhausted and negative, driven by unforeseen rock excavation. The schedule reflects a 35-day slippage against contract completion (now 10/04/2027), with rock blasting on the critical path.

Outstanding Issues: The contingency shortfall on the 9% component, the retainage confirmation, and the outstanding subcontractor lien waivers require lender attention.

Disbursement Recommendation: Based on our review, KOW concurs with the disbursement recommendation contained in the third-party CPR for the work in place. Our concurrence is conditioned upon the following: (1) the lender's review of additional funding sources to address the exhausted 9% hard-cost contingency; (2) confirmation of retainage against the executed contract; and (3) receipt of subcontractor lien waivers for amounts previously paid.

Disbursement Concurrence: Concur with Conditions