BuildPaid OS

Construction Capital Governance

A deterministic layer between the contract and the capital

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Construction Capital Governance A deterministic layer between the contract and the capital — one that decides, dollar by dollar, whether verified truth supports the release before the money can move. Govern first. Fund second. This briefing is written for construction lenders, fund-control teams, and the credit officers who release capital against draws. It describes a category of system that has not existed before — and the production mechanisms that make it real. Every claim in this document corresponds to a mechanism you can watch execute live, against a governed portfolio, in a fifteen-minute demonstration. Author Sean Pace · Founder, BuildPaid (SP Prospective Partners LLC DBA BuildPaid) Contact sean@buildpaid.ai · buildpaid.ai · app.buildpaid.ai/demo.html Status Patent pending · Live in production · Pilot-ready — for the named recipient only · buildpaid.ai · sean@buildpaid.ai 1 BUILDPAID OS Construction Capital Governance · Lender Briefing

Executive Summary

Truth gates money. In construction lending, capital is released against numbers no one has verified at the moment of release. A pay application asserts percent-complete. A certified-payroll report asserts wages paid. A lien waiver asserts a debt settled. An inspection sign-off asserts work accepted. The lender funds the draw on the strength of these assertions — and the errors inside them surface at audit, months later, after the dollar is gone. BuildPaid is an operating system that sits between the contract and the capital and holds a single deterministic verdict on every dollar of every draw. The verdict is derived from the contract, the compliance record, the labor, the documents, and the physical work — and nothing is permitted to override it. When verified truth supports the release, the draw is CLEAR. When a violation is present, it is BLOCKED, with the reason and the cure stated. When the truth cannot be reached, the system fails closed to HELD — never open. This document defines that category — construction capital governance — and walks through the four production mechanisms that enforce it: the capital truth spine, field reality, the governed ledger bridge, and labor governance. It closes with what BuildPaid deliberately does not do, because a governance claim is only credible if its boundaries are honest.

The Core Claim, In One Table

Today With BuildPaid Capital released against self-reported, unverified Capital released only when a deterministic verdict numbers. confirms the truth behind it. Errors found at audit — after the money has moved. Violations caught before the draw advances — at the point of decision. Every surface recomputes its own version of project One verdict decides; every surface reads it. No green health. over a block. Compliance is asserted in documents. Compliance is proven against the rule, and anchored to an immutable event — for the named recipient only · buildpaid.ai · sean@buildpaid.ai 2 BUILDPAID OS Construction Capital Governance · Lender Briefing

The Problem

The verification gap in construction capital Construction is the largest asset class with the least real-time verification of the money moving through it. The structure of a draw makes this almost inevitable: the parties closest to the truth — the subcontractor doing the work, the GC assembling the requisition — are also the parties with the most incentive to round it up. The lender, furthest from the jobsite, carries the exposure. The result is a recurring set of failures that every construction lender knows by name: n Overbilling — cumulative billing on a line item runs ahead of the work actually earned. n Prevailing-wage exposure — a worker is underpaid or misclassified against the Davis-Bacon determination, and the liability lands on the project after the fact. n Duplicate and ungoverned payments — the same invoice paid twice, or capital that moved with no authorization tying it to a governed draw at all. n Premature funding — a draw advances against work that later fails inspection, or against retainage released before substantial completion. None of these are exotic. They are the normal failure modes of a process that funds first and verifies later. The missing piece has never been more data or another dashboard — it is a governing layer that refuses to let a dollar move until the truth behind it is proven. That absence is the category this document names.

Why A Dashboard Does Not Solve It

Reporting tools show a lender what was submitted. They do not decide whether it is true, and they do not stop money. A governance layer is defined by the opposite property: it produces a binding verdict, and the verdict gates capital. Visibility is downstream of governance — useful only once something authoritative is deciding what the visibility should show

The Category

One deterministic verdict on every dollar Capital governance has a single job: hold a deterministic verdict on every dollar of every draw, and let nothing override it. The verdict is the sole decider. Every surface a lender sees — portfolio, project dossier, draw request — reads that one verdict. Nothing recomputes it independently, so two views can never disagree about whether capital is safe to move. CLEAR Verified truth supports the release. CONDITIONAL Release pending one named, curable condition. BLOCKED A violation stops the money — with the reason and the exact cure. HELD The truth cannot be reached. The system fails closed, never open.

The Constitution

Every behavior of the system descends from a small set of rules. They are compiled into the kernel, not left to interpretation. A surface that breaks one is a defect, not a feature. 01 Truth gates money. No dollar moves until the truth behind it is proven. 02 Contract gates rails. What the contract permits is what the system permits — nothing more. 03 No silent failures. Every state change fires a provenance-anchored kernel event. 04 No green over blocked. One verdict decides; no surface shows a cleaner state than the evidence allows. 05 Fail closed. When truth cannot be reached, BLOCKED is safer than CLEAR. The system holds. 06 A wrong number is worse than no number.An honest empty state beats fabricated confidence

The Mechanisms

What makes the category real — and live A category is only as real as the mechanisms that enforce it. Each of the four below runs in production today. None is a forecast, a credit score, or a probability. They produce facts, and facts gate money.

The Capital Truth Spine

One decider, read by every surface A single deterministic verdict decides every dollar. If the verdict cannot be reached, the system fails closed to BLOCKED rather than guess. Portfolio, dossier, and draw views all read the same spine, so a lender never sees one screen call a project healthy while another holds its capital.

Live In Production

Field Reality

Physical work gates capital The jobsite is wired in as governed evidence — inspections, deliveries, labor presence. A failed inspection automatically holds the draw that pays for the work the inspector rejected, the moment the evidence lands. This is the line where governance stops being software and becomes infrastructure: physical reality gating money in real time.

Live In Production

The Governed Ledger Bridge

What the bank did, versus what was governed BuildPaid ingests the bank's own ISO 20022 reporting messages — camt.052 (intraday), camt.053 (statement), and camt.054 (debit/credit notification) — and reconciles every booked entry against the governed draw ledger, down to the SOV line item, change order, and lien waiver that authorized it. An entry that moved with no governed authorization is capital that escaped governance: caught on arrival, not at audit.

Live In Production

Labor Governance (Cpral)

Proof of the labor behind the money Every certified-payroll line is checked against the prevailing-wage determination before the draw can advance. An underpaid worker, a misclassified trade, or a fringe shortfall blocks the dollar and states the exact cure — before the Davis-Bacon exposure ever reaches the lender. LIVE IN PRODUCTION — for the named recipient only · buildpaid.ai · sean@buildpaid.ai 5 BUILDPAID OS Construction Capital Governance · Lender Briefing

Worked Catches

Three catches, as the system makes them The following are representative of catches the system makes on governed projects. Each is deterministic: the same inputs always produce the same verdict, and each verdict is anchored to an immutable event the lender can independently verify. 1 — A prevailing-wage violation blocks the draw On a Bronx project, a Metro HVAC pay application lists a sheet-metal worker paid below the governing determination. Labor governance catches it before the draw can advance: Worker Paid Required (NYC 2026) Shortfall Sheet-metal journeyman — base wage $38.50/hr $50.18/hr $467.20 / 40 hrs Sheet-metal journeyman — fringe $22.00/hr $39.45/hr $698.00 / 40 hrs Total cure required $1,165.20 Verdict: BLOCKED. The invoice cannot advance to fundable until the wages are corrected. The lender never carries the Davis-Bacon exposure, because the dollar never moved. 2 — A failed inspection holds the draw A field inspection on a governed project is recorded as failed — the work was physically rejected. The instant that evidence lands, field reality holds the draw that pays for it. A project that was CLEAR becomes BLOCKED, with the reason: field inspection failed; physical work was rejected, capital cannot advance on it. No human had to remember to stop the draw. 3 — An ungoverned bank entry is caught on arrival The bank returns a camt.054 credit notification. The governed ledger bridge reconciles each booked entry against the authorized draw ledger. One entry matches no governed authorization: Booked entry Governed match Verdict Pay application — Keystone Mechanical Draw #1, amount agrees MATCHED Unrecognized counterparty — $180,000 DBIT none UNGOVERNED Capital that moved outside governance is flagged the moment the statement arrives — the exact event a construction lender fears, surfaced before reconciliation season, not during it — for the named recipient only · buildpaid.ai · sean@buildpaid.ai 6 BUILDPAID OS Construction Capital Governance · Lender Briefing

Provenance & Auditability

Every verdict is anchored and verifiable No state in the system changes without firing a provenance-anchored kernel event. Each event carries a cryptographic hash derived from its data; each verdict carries a signature a lender or auditor can independently re-derive and check. The audit trail is not a log the vendor promises is complete — it is an immutable chain anyone holding the bundle can verify themselves. On the initiation side, BuildPaid emits the payment instruction structured to the official ISO 20022 pain.001.001.09 schema and validates every emission against that schema with a standard validating processor (libxml2). The schema is downloadable; the validation is reproducible from the command line. This matters now: the SWIFT CBPR+ structured-address requirement takes effect 14 November 2026, after which unstructured payee data is rejected on the rail. BuildPaid governs exactly the structured-payee leg the bank cannot source on its own.

What Buildpaid Is Not

A governance claim is only credible if its boundaries are stated as plainly as its strengths. BuildPaid is deliberate about what it does not do: n It does not custody or move funds. BuildPaid governs the decision to release capital and reconciles what moved; the money itself flows through the bank and the lender's existing rails. n It detects and gates — it does not “guarantee compliance.” The system enforces the rules it is given against the evidence it is given, deterministically. It is a control, not a warranty. n It is not yet SOC 2 certified. A pre-attestation evidence package — controls mapped to the Trust Services Criteria, with honest in-place / partial / planned status — is available for diligence today, and the path to attestation is defined. n It does not replace underwriting judgment. It removes the verification gap beneath that judgment, so the credit decision rests on proven facts rather than asserted ones. We would rather be accurate than impressive. Every mechanism in this document can be shown running; nothing here is a roadmap dressed as a feature.

How A Pilot Works

A pilot begins with a fifteen-minute live demonstration on a governed portfolio: you watch a draw get governed, a violation block a dollar, and a verdict anchored to an event you can verify. From there, a single project or small book is onboarded, and BuildPaid runs alongside your existing process — governing the decision, reconciling the movement, and surfacing every catch — with no change to where the money flows — for the named recipient only · buildpaid.ai · sean@buildpaid.ai 7 BUILDPAID OS Construction Capital Governance · Lender Briefing Govern first. Fund See it live: app.buildpaid.ai/demo.html second. Talk to the founder: sean@buildpaid.ai BuildPaid OS · SP Prospective Partners LLC DBA BuildPaid · Patent pending. This briefing is and provided for the named recipient's evaluation only. Mechanisms described are live in production; figures in the worked examples are representative of governed catches and are shown for illustration — for the named recipient only · buildpaid.ai · sean@buildpaid.ai 8