BuildPaid OS

Lender Diligence & Security Posture

Deterministic construction-capital governance · Prepared for lender risk, security, and compliance review

SP Prospective Partners LLC dba BuildPaid · July 7, 2026 · No NDA required to read this document

---

WHAT BUILDPAID IS

BuildPaid is a deterministic governance operating system for construction capital. It sits between a lender and the projects it funds and decides, for every draw request, whether capital is eligible to move — and proves why. The governing principle is simple: **truth gates money; contract gates rails; no capital moves without a recorded, provenance-hashed kernel event.** A single governance verdict is the sole decider of capital eligibility; every screen, report, and export reads that verdict rather than recomputing its own answer.

WHY THIS REDUCES LENDER RISK

Capital decisions are deterministic, not predictive. The eligibility decision is derived from governed rules applied over an immutable event log. It is reproducible and auditable line by line. BuildPaid does not place a generative or probabilistic model on the capital path, and it does not emit probability forecasts of future events. The same inputs always produce the same verdict.

Fail-closed by design. When evidence is missing or a gate cannot be evaluated, the verdict resolves to BLOCKED or HELD — never to a permissive default. The system will not show a green capital state over an unresolved governance breach. A blocked draw is always safer than a wrongly-released one.

GOVERNANCE RAILS (LIVE)

Each rail takes evidence, returns a governed verdict, and writes a provenance-stamped event. Rails fail closed and never fabricate a fact:

- **Identity & geolocation.** Resolves a project to a real parcel (borough, ZIP, BBL, coordinates) from authoritative signals — the DOB job-number borough code and ZIP — not the street name, which is ambiguous. Catches a set plotted for a different jurisdiction.
- **Drawing source integrity & substrate.** Reads CAD lineage and classifies the geometry substrate (layered CAD vs. flattened PDF vs. raster). On a flattened set, rooms/areas/perimeters are governed while wall segmentation and openings are held — the system will not fabricate wall geometry it cannot isolate.
- **Quantities & governed pricing.** Prices governed quantities only from whitelisted, sourced rates (RSMeans, supplier feeds, federal BLS) with full provenance on every dollar and location cost-index applied as a separate, sourced markup. No hardcoded costs.
- **Prevailing wage & OD/SU labor.** Verifies certified payroll against wage determinations, and governs out-of-district / special-unit travel like prevailing wage — required when triggered, sourced, and fail-closed if unsourced.
- **Contract, insurance, and lien rails.** Governs contract completeness, retainage, insurance minimums (COI), and lien-waiver status before capital moves.
- **DOB public-record intake.** Pulls the parcel's live NYC public record (violations, ECB penalties, complaints, job filings) as governed facts — counts and statuses only, no risk score. An active stop-work blocks disbursement upstream.
- **Structural document pre-check.** On a change-of-use or structural-modification job, requires the structural package (EOR sign-off, load-path analysis, shoring, sequencing, DOB structural filings) to be present, and blocks on work filed contrary to approved plans. A document and deviation gate — it does not assess structural integrity or predict failure.
- **Disbursement gate.** Releases a draw only when every upstream condition is met; otherwise it fails closed with the reason shown in plain language.

PROVENANCE & AUDITABILITY

- **Append-only kernel event log.** Every state change is an immutable, timestamped event. Corrections are new events chained to their predecessors.
- **Cryptographic anchoring.** Events and audit bundles carry SHA-256 provenance hashes, making the decision trail independently verifiable.
- **Canonical world projection.** A single provenance-tagged projection materializes the full governed state of a project from its events; each section is either sourced from an event or explicitly held with a reason.
- **Versioned doctrine.** The governing ruleset is versioned and hash-stamped, so a verdict can always be tied to the exact rules in force when it was made.
- **Exportable audit bundles.** A provenance-hashed audit export can be produced for any project for third-party or internal review.

WORKED EXAMPLE — A WAGE VIOLATION THAT STOPS THE MONEY

On a prevailing-wage (Davis-Bacon) project, BuildPaid verifies certified payroll against the applicable wage determination before a draw can advance. Below, a sheet-metal worker is paid below the required base and fringe rate. The engine detects the shortfall, fires a kernel event, and blocks the draw — eligible amount $0 — until wages are corrected. No human had to catch it, and the block is on the record.

Trade	Paid (base / fringe)	Required (NYC 2026)	Result
Sheet Metal	$38.50 / $22.00	$50.18 / $39.45	UNDERPAYMENT
Computed shortfall	$467.20 base + $698.00 fringe		DRAW BLOCKED · eligible $0

DATA HANDLING & ACCESS

- **One-way trust model.** External systems of record can feed data into the governed truth layer but cannot mutate it. BuildPaid can generate provenance-anchored corrections back to those systems; they cannot govern BuildPaid.
- **Transport security.** All access is over TLS/HTTPS.
- **Access control.** Role-aware access with token/JWT-gated internal endpoints and per-organization data isolation.
- **Public-record sourcing.** DOB intake reads public NYC Open Data (Socrata) by BIN; it reports what is published and stamps a data-currency caveat. No private lender or borrower data is required to produce the governed DOB facts.
- **Hosting.** Application and data run on AWS (managed Postgres) and Vercel.

COMPLIANCE POSTURE & ROADMAP

BuildPaid states its posture plainly. The product is early-stage and pilot-focused. BuildPaid is not yet SOC 2 certified. Its assurance story today rests on deterministic, provenance-anchored auditability — every capital decision is reproducible and independently verifiable from the event log — rather than on a third-party attestation. SOC 2 Type II is on the roadmap and will be pursued as the customer base warrants. A pilot can be run under a mutual NDA, MSA, and DPA; those documents and responses to a lender security questionnaire are available on request. We would rather be accurate about what exists than impressive about what does not.

WHAT BUILDPAID DOES NOT CLAIM

BuildPaid does not predict structural failure or collapse — that is an engineer's determination, not software's. It does not assign a risk grade to a building. What it does is govern whether capital keeps flowing to a project whose verified record — compliance, documentation, public filings — says stop. That distinction is deliberate and is the product.

INTELLECTUAL PROPERTY

The architecture is protected by 90 filed provisional patent applications spanning approximately 1,703 claims, covering the payment-rail arbitration layer, kernel event sequencing, the provenance chain, compliance rails, and cross-domain governance. Earliest priority: U.S. Provisional 63/984,406 (February 17, 2026).

BuildPaid OS · buildpaid.ai · app.buildpaid.ai · Sean Pace, Founder · sean@buildpaid.ai