

SUBDIVISION BOND APPLICATION

Please provide the following items so that we may underwrite and service this application in an expedient manner. We thank you in advance for your complete submission

1. **“Subdivision Improvement” questionnaire:** attached.
2. **Copy of Subdivision Agreement and Bond Forms..**
3. **Copy of Engineers Estimate.**
4. **Copy of the Preliminary Title Report, on the property to be developed.**
5. **If the ownership of the property to be developed is other than an individual, then we need a copy of the business entity documents:**
 - a) Partnership Agreement
 - b) Limited Liability Company (LLC)
 - c) Joint Venture Agreement
6. **Financial Statements:** if the ownership of the property is in a business name style, then we need the corresponding statements as listed above. We will need the last fiscal year end statement and if the fiscal year end is older than six months, we would like an interim statement. Statements include both a balance sheet and a profit & loss statement.
7. **Personal Financial Statements:** for the individual(s) of a corporation who own more than 10% of the stock, or on the owner(s) of a general partnership, or the managing member(s) of an LLC, or the individual, if a sole owner.
8. **If the project is funded, then a “Set Aside Letter” is needed.** (see our form attached – both a template and a blank copy. To be completed on Lender’s Letterhead)

A General Indemnity Agreement needs to be dated, signed, and acknowledged by a notary public prior to the release of the bond(s).

Depending on the complexity of the improvements to be completed, additional items may be required.

If you have any questions or concerns regarding this type of bond, please don’t hesitate to call us. Our **Bond Department** is here to service your needs!

SUBDIVISION IMPROVEMENT APPLICATION

1. Name (Must be exactly as it is to appear on bond) _____

2. Business Address _____
 _____ Business Phone (_____)

3.	<u>Owners of Property</u>	<u>Percent of Ownership</u>	<u>Position in Company</u>
A			
B			
C			

4.	<u>Owners' Residence Address</u>	<u>Soc. Sec.#</u>	<u>Spouse</u>	<u>Residence Phone</u>
A				
B				
C				

5. Number of years in business _____ Annual Sales _____

6. Name and Address of Accountant _____
 _____ Phone (_____)

7.	<u>Prior Experience of Subdivider/Developer</u> <u>Location of Tract</u>	<u>Amt. Of Improvements</u>	<u>Bond Company</u>	<u>Date or Percent Completed</u>
A				
B				
C				

8.	<u>Name of Lender on Prior Tracts</u>	<u>Loan Officer</u>	<u>Phone</u>
A			
B			
C			

9. Prior surety on other projects _____

10. Any surety declined to furnish a bond ? _____ If yes, explain: _____

11. Has company, any affiliated company, or any owner failed to complete a project or declared bankruptcy? _____

12.	<u>Name of Bank & Address</u>	<u>Account Number</u>	<u>Phone</u>

13. Name of Banker _____ Phone (_____)

14. Any liens filed against jobs in the last two years? _____

Date Filed	Amount	Date Released	Reason and Details

15. Any other suits, claims, or judgments within the last two years? _____ If yes, explain _____

16. Information on tract for which bond is being requested: City/County (Obligee) Requiring _____

Obligee Address _____

Bonds required (type) _____ Amount _____

_____ Amount _____

_____ Amount _____

Description (Tract No./Name) _____

Lender (This Project) _____

Loan Officer _____ Phone (____) _____

Will a Set Aside letter be available? _____ In what amount? _____

What is being constructed? _____

If houses, number _____ Number of lots _____

Name of Contractor doing Off-Site/On-Site work _____ License # _____

Starting Date _____ Anticipated Completion Date _____

17. Documents to be returned with questionnaire for expediting underwriting:

1. If an LLC, partnership or joint venture, we need a copy of the agreement.
2. Financial Statement, to include Balance Sheet & Profit and Loss statement, for corporation, partnership, or sole proprietor
3. Personal financial statements from all major stockholders, partners, or owner.
4. Copy of civil engineer's cost breakdown for bonded improvements.
5. Copy of Subdivision Agreement.
6. Bond forms – if provided by City/County/Municipality.

18. The maker or makers of the foregoing statement hereby authorizes the company to investigate my statements and to check my credit with any creditors or lending institutions. The undersigned and each of them hereby certify that each statement herein contained is true and that this statement and/or answers to the questions is made for the purpose of inducing Financial Pacific Insurance Company to execute or continue certain bonds or undertaking.

Date _____ Firm Name _____

By: _____

PRODUCER INFORMATION

Name _____ Phone (____) _____

Address _____ Fax (____) _____

City & Zip _____ Producer Number _____

“SET-ASIDE LETTER” FORMAT

(To be prepared on lenders letterhead)

FINANCIAL PACIFIC INSURANCE COMPANY

3850 Atherton Rd.

Rocklin, California 95765

Date: _____

Re: _____

Principal(s) on Bond(s)

_____ Obligee

_____ Tract

Gentlemen:

We have agreed to make construction loans covering _____ units in Tract _____, County of _____ to _____ (Borrowers)

In consideration of the execution by Financial Pacific Insurance Company of bond(s) in the amount of \$ _____ on behalf of _____ (Principal on Bond(s)), we agree upon recordation to set aside from the construction funds a sum in the amount of your bond(s) to be used in paying for those off site improvements in this tract guaranteed to the Obligee under the terms of the subdivision bond(s).

The escrow covering this project will provide that as the work progresses, these funds will be disbursed under our voucher system, supported by invoices and releases, to cover costs of those off site improvements and for no other purposes.

The undersigned, _____ (Lender), agrees that said funds are for the benefit of the Surety Company in connection with the Surety’s liability under the above bonds. In the event _____ (Principal) fails(s) to complete and pay for said off site improvements, all funds remaining in said impound account shall be immediately available to complete and pay for the cost of said improvements. The said Surety shall not in any way be obligated to repay said funds so used.

This is an irrevocable commitment of funds which is not subject to recall by _____ (Lender).

We acknowledge, accept, and agree to comply with the foregoing conditions:

Name of Lender

Principal

By: _____

By: _____

Date: _____

Date: _____

FINANCIAL PACIFIC INSURANCE COMPANY

3850 Atherton Rd.
Rocklin, California 95765

Date: _____

Re: _____

Gentlemen:

We have agreed to make construction loans covering _____ units in Tract _____, County of _____ to _____

In consideration of the execution by Financial Pacific Insurance Company of bond(s) in the amount of \$ _____ on behalf of _____, we agree upon recordation to set aside from the construction funds a sum in the amount of your bond(s) to be used in paying for those off site improvements in this tract guaranteed to the Obligee under the terms of the subdivision bond(s).

The escrow covering this project will provide that as the work progresses, these funds will be disbursed under our voucher system, supported by invoices and releases, to cover costs of those off site improvements and for no other purposes.

The undersigned, _____, agrees that said funds are for the benefit of the Surety Company in connection with the Surety's liability under the above bonds. In the event _____ fails(s) to complete and pay for said off site improvements, all funds remaining in said impound account shall be immediately available to complete and pay for the cost of said improvements. The said Surety shall not in any way be obligated to repay said funds so used.

This is an irrevocable commitment of funds which is not subject to recall by _____.

We acknowledge, accept, and agree to comply with the foregoing conditions:

Name of Lender _____

Principal _____
By: _____
Date: _____

By: _____
Date: _____