

SUBDIVISION BONDS

Thank you for your request. Please provide the following items to enable us to underwrite and respond in a timely matter.

1. **Completed Surety Subdivision Improvement Questionnaire and Bond Information Sheet (Attached)**
2. **Copy of Business Entity Documents**
 - A. Articles of Incorporation
 - B. Partnership Agreement
 - C. Joint Venture Agreement
3. **Business Financial Statement(s)**
 - A. Last 2 Fiscal Year End Financial Statements of Business Entity, plus current interim financial statements.
Note: All Business Entity statements must include both a balance sheet and a profit and loss statement.
 - B. If Business Entity is a Partnership, we require the financial statements of the General Partner(s).
If the General Partner is a corporation, we require the last two fiscal year end financial statements on the corporation and an interim statement if the fiscal year end is more than six months past.
4. **Personal financial statement(s)** on all owners who own more than 10% of the corporation and/or financial statement of the General Partner (individual)
5. **Bank Verification & 3 Months Personal and Business Bank Statements**
6. **Prior Project Reference(s) (Include Contact Information and Job Description)**
7. **Completed Bond/Project Information Sheet**
8. **Copy of Improvement Agreement;** drafted by obligee
9. **Engineer's Estimates with Seal**
10. **Financing Information (Source of funds copy of loan documents or letter of intent)**
11. **Appraisal/Market Analysis of the subject project**
12. Irrevocable letter of credit (our format is required, copy attached)
13. **Information on Contractor performing the work (e.g. bid amount, copy of contract if available)**

If you have any questions regarding **Subdivision Bonds**, please do not hesitate to call us. We look forward to working with you and your clients.

Thank you for your business!

**PERSONAL FINANCIAL STATEMENT
NOT TO BE USED FOR BUSINESS STATEMENTS.**

**To induce COMPANY to become surety for the Undersigned, or to accept
the Undersigned as Indemnitor, the Undersigned submits the following Financial Statement**

Personal financial statement of _____ SS. NO. _____
(Name)

(Street Address, City, State, Zip)
HOME PHONE NO. () _____ BUS. PHONE NO. () _____

NAME OF SPOUSE _____

AS OF _____
(Date)

CURRENT ASSETS		CURRENT LIABILITIES	
Cash on hand (not in bank)		Notes payable to (names and addresses):	
Cash in following banks (names and addresses):		
.....		
.....		Sales Contracts & Chattel Mtgs. (Sch. 6)	
Stocks and bonds (Schedule 1)		Accounts payable	
Accounts receivable (Schedule 2)		Current portion of long term debt	
Notes receivable (Schedule 3)		Other current liabilities (Schedule 6)	
Other current assets (Schedule 6)		
.....		
.....		Current Year's Income Taxes Unpaid	
.....		Prior Year's Income Taxes Unpaid	
.....		Real Estate Taxes Unpaid	
.....			
TOTAL CURRENT ASSETS		TOTAL CURRENT LIABILITIES	
FIXED ASSETS		LONG TERM LIABILITIES	
Real estate (Schedule 4):		Real estate debt (Schedule 4):	
Residence		Residence	
Other		Other	
Cash value of life insurance (Schedule 5)		Borrowed on life insurance (Schedule 5)	
.....		
Other assets and investments (Schedule 6)		Other long term debt (Schedule 6)	
.....		
.....		
.....		
.....		TOTAL LONG TERM LIABILITIES	
TOTAL FIXED ASSETS		NET WORTH	
TOTAL ASSETS		TOTAL LIABILITIES AND NET WORTH	

CONTINGENT LIABILITIES

FOR ENDORSEMENTS OR GUARANTEES \$ _____ FOR OTHER PURPOSES \$ _____

GIVE DETAILS _____

1. STOCKS AND BONDS

Name of Security	No. Shares	If any pledge, State to Whom and for What Purpose	Dividends Paid Last Two Years	Market Value	Book Value
TOTALS				\$	\$

2. ACCOUNTS RECEIVABLE

Name and Address (street and city) From Whom Due	For What is it Due	When Sold	When Due	Amount
TOTAL				\$

3. NOTES RECEIVABLE

Name and Address (street and city) From Whom Due	For What Due	How Secured	Date	Maturity	Amount
TOTAL					\$

4. REAL ESTATE

Description of Property	Title in Name of	Market Value	Cost	Date Acquired	Amount Encumbrance	Monthly Payments	Monthly Income
TOTAL							

5. LIFE INSURANCE – CASH VALUE

Name of Company	Policy Number	Name of Insured	Beneficiary	Face Value	Cash Value	Amount Borrowed

6. OTHER ASSETS AND LIABILITIES

Other Current Assets (itemize)	Other Current Liabilities (itemize)	Amount

The information contained in this statement is provided for the purpose of obtaining, or maintaining credit with you on behalf of the undersigned, or persons, firms or corporations in whose behalf the undersigned may either severally or jointly with other, execute a guaranty in your favor. Each undersigned understands that you are relying on the information provided herein (including the designation made as to ownership of property) in deciding to grant or continue credit. Each undersigned represents and warrants that the information provided is true and complete and that you may consider this statement as continuing to be true and correct until a written notice of a change is given to you by the undersigned. You are authorized to make all inquiries you deem necessary to verify the accuracy of the statements made herein, and to determine my/our credit worthiness. You are authorized to answer questions about your credit experience with me/us.

Signature _____
 S.S. No. _____ Date of Birth _____

Signature _____
 S.S. No. _____ Date of Birth _____

Date Signed _____, _____.

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

2. Business Address _____
_____ Business Phone (_____) _____

3.	Owners of Property	Percent of Ownership	Position in Company
A			
B			
C			

4.	Owners' Residence Address	Soc. Sec. #	Spouse	Residence Phone
A				
B				
C				

5. Number of years in business _____ Annual Sales _____

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

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

8.	Name of Lender on Prior Tracts	Loan Officer	Phone
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.	Name of Bank and Address	Account Number	Phone

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 Requiring Bond/Address _____

Bonds Required (type) _____ Amount _____
_____ Amount _____
_____ Amount _____

Description (Tract Name) _____

Lender (This Project) _____

Loan Officer _____ Phone (_____) _____

What is being constructed? _____

If houses, number _____ Number of lots _____

Name of Contractor Doing Off-site Work _____ License # _____

Starting Date _____ Anticipated Completion Date _____

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

1. Corporate, partnership, or sole proprietorship Financial Statement, including a Profit and Loss Statement
2. Personal financial statements from all major stockholders or partners
3. Copy of civil engineers' cost breakdown on bonded improvements
4. Copy of Subdivision Agreement
5. Bond Forms

18. The maker or makers of the foregoing statement hereby authorize 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 are made for the purpose of inducing American Contractors Indemnity Company and/or U. S. Specialty Insurance Company to execute or continue certain bonds or undertaking.

Firm Name

Date _____

By _____

PRODUCER INFORMATION

Name _____ Phone (_____) _____

Address _____ Fax (_____) _____

City & Zip _____ HCCS Producer No. _____

SUBDIVISION BOND INFORMATION SUMMARY

THIS IS **NOT** AN APPLICATION FOR BONDING CREDIT. INCLUSION OF THE FOLLOWING INFORMATION WITH THIS SUBDIVISION BOND REQUEST WILL EXPEDITE OUR UNDERWRITING AND APPROVAL PROCESS:

- SET ASIDE LETTER FROM CONSTRUCTION LENDER
- ENGINEER'S ESTIMATE OF COSTS TO COMPLETE OFFSITE IMPROVEMENTS
- REQUIRED BOND FORMS
- SUBDIVISION AGREEMENT
- VICINITY MAP

DEVELOPER _____
 PROJECT NAME _____ TYPE OF PRODUCT _____
 DESCRIBE LOCATION _____

 TRACT NUMBER _____ NUMBER OF UNITS _____
 SELLING PRICE OF UNITS: FROM \$ _____ TO \$ _____
 SQUARE FEET OF UNITS: FROM _____ TO _____

CONSTRUCTION LENDER: _____
 LOAN OFFICER _____
 ADDRESS _____ PHONE (____) _____
 _____ FAX (____) _____
 AMOUNT OF CONSTRUCTION LOAN \$ _____
 AMOUNT ALLOCATED TO OFFSITE IMPROVEMENTS \$ _____
 IS SET ASIDE LETTER AVAILABLE? YES _____ NO _____
 TYPE OF DISBURSEMENT: CASHIER'S CHECK _____ VOUCHER _____ STAGED _____ REIMBURSEMENT _____

IMPROVEMENTS	COST	NAME OF SUBCONTRACTOR (if applicable)
EXCAVATION, GRADING, CLEARING	\$ _____	_____
ENGINEERING	\$ _____	_____
STREETS, CURBS, GUTTERS	\$ _____	_____
WATER	\$ _____	_____
SEWERS	\$ _____	_____
UTILITIES	\$ _____	_____
OTHER _____	\$ _____	_____

OBLIGEE (MUNICIPALITY REQUIRING BONDS): _____
 ADDRESS OF OBLIGEE: _____

TYPE OF BOND	PERFORMANCE	LABOR & MATERIALS
GRADING IMPROVEMENTS	\$ _____	\$ _____
STREET IMPROVEMENTS	\$ _____	\$ _____
WATER IMPROVEMENTS	\$ _____	\$ _____
SEWER IMPROVEMENTS	\$ _____	\$ _____
STORM DRAIN IMPROVEMENTS	\$ _____	\$ _____
MONUMENT	\$ _____	\$ _____
MAINTENANCE GUARANTEE	\$ _____	\$ _____
PROPERTY TAX	\$ _____	\$ _____
EROSION CONTROL	\$ _____	\$ _____
UNDERGROUND UTILITIES	\$ _____	\$ _____

Bank Verification

(To be completed by bank or savings & loan)

Please complete a separate form for each account

Re: Account Holder _____

Account Number _____

The above account holder has applied to this Company for bonding credit and has given your name as a reference. Authorization has been given to us to verify their financial statement. Therefore, we would appreciate the courtesy of a prompt reply to the following questions. Your response will be treated in confidence and without responsibility on your part. You may return this inquiry by fax to the number below. Thank you for your cooperation.

1. When was the account opened? _____

2. The average balance is \$ _____ for the period of _____ months.

3. Has a line of credit been established? _____

If so, what amount? \$ _____ It is secured by _____

The renewal date is _____ Amount available \$ _____

4. What is your opinion of the applicant's character, ability and financial responsibility?

Name of Bank _____

Address _____

Phone Number (_____) _____ Fax Number (_____) _____

Information has been provided by _____

Signature

Date _____

Printed Name

.

SAMPLE SET ASIDE LETTER

Sample: To be typed on Bank stationary and returned to the Company's Branch Office servicing the account.

To: American Contractors Indemnity Company
601 S. Figueroa Street., Suite 1600
Los Angeles, CA 90017

Re:

Gentlemen:

(Name of Bank) has arranged financing for *(Name of Borrower)* in the amount of \$_____ for the construction of _____ and the adjacent improvements in tract _____. In consideration of the execution by AMERICAN CONTRACTORS INDEMNITY COMPANY, hereinafter referred to as Surety, of bond(s) in the approximate amount of \$_____ on behalf of *(Name of Principal)* guaranteeing the *(Name of Municipal Body/County)* completion of certain public improvements in said tract _____ and as a direct inducement to Surety to execute said bond(s), *(Name of Bank)* agrees that immediately upon recordation of the construction loan it will pay into a special impound account a sum of not less than \$_____. This impound account is to be opened at the _____ office of *(Depository)* and will be designated: _____

The agreement covering the project will provide that the funds in said impound account are subject to withdrawal upon the approval of *(Name of Borrower)*, and said funds are to be disbursed for payment of the subdivision improvements mentioned above and only after *(Name of Bank)* has satisfied itself that the work paid for has actually been performed.

(Name of Bank) further agrees that in the event it is necessary to institute foreclosure proceedings against *(Name of Borrower)* on the property legally described herein, it will immediately notify AMERICAN CONTRACTORS INDEMNITY COMPANY and further, take all necessary steps to protect the interests of AMERICAN CONTRACTORS INDEMNITY COMPANY as respects its liability on surety bond(s) issued pursuant to this letter howsoever AMERICAN CONTRACTORS INDEMNITY COMPANY'S liability may be affected by said foreclosure.

In the event *(Name of Borrower/Principal)* fails to complete and/or pay for improvements or meet its obligations to parties with which *(Name of Principal)* has contracted to do the work (as required by the City/County under said bond(s) described herein) all funds remaining in said impound account shall be immediately available to AMERICAN CONTRACTORS INDEMNITY COMPANY to complete and pay the costs of said improvements, and in such event, *(Name of Borrower)* waives any claim or interest in the remaining funds. AMERICAN CONTRACTORS INDEMNITY COMPANY shall not in any way be obligated to repay said funds so used to *(Name of Bank)*.

Continued on next page . . .

(Name of Bank) acknowledges that the surety is relying on the availability of funds under such lending agreement with *(Name of Borrower)* pledged for its use and benefit and as a condition to the issuing of any bond obligations entered into on behalf of *(Name of Principal)*, as surety on the above described project and as such *(Name of Bank)* agrees that in the event that the final lending agreement referenced herein with *(Name of Borrower)* is not entered into, the *(Name of Bank)* shall, within 24 hours of its determining that the final lending agreement shall not be entered into, notify the surety, by certified mail, that it has not and will not enter into such a lending agreement and the surety shall within 48 hours of receipt of such notice return the set aside letter to *(Name of Bank)*.

This is an irrevocable commitment of funds which is not subject to recall or offset by *(Name of Bank)*.

We agree and consent to the foregoing agreement:

(NAME OF BANK)

Signature

Typed Name and Title

AMERICAN CONTRACTORS INDEMNITY COMPANY

Signature

Typed Name and Title

(NAME OF BORROWER)

Signature

Typed Name and Title