



# BUILDER

## ACCEPTANCE PACKET



# Welcome

Thank you for your interest in Mortgage Services at Security Service Federal Credit Union. Whether you already have clients who have chosen to finance with us or you want to proactively recommend Security Service to prospective clients, the builder acceptance process is the first step in building a home financed by us.

Our construction representatives take a hands-on, personal approach when reviewing your builder acceptance application. We'll work to get you accepted as quickly as possible, so you can avoid delays and get started on construction.

Financing available for construction phase options of 12, 18, and 24 months.

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\*Membership eligibility required. Loan subject to credit approval. Power Mortgage offer does not cover mortgage insurance, seller paid closing costs, discount points, or prepaids & reserves. The program is not valid for FHA or VA loans. If loan is closed or paid off within first 36 months of the term, member may be required to reimburse all or some of the closing costs paid by Security Service. Financing available for properties in Texas, Colorado, or Utah only. This offer is subject to change without notice.



# Security Service One-Time Close Program

Our One-Time Close Construction Loan makes it convenient for your clients to finance the construction of their new home with a streamlined process including title and settlement services. During the construction phase, your client makes interest payments only on the amount drawn on the loan which saves them money while their home is being built. Then when the home is complete, the construction loan transitions to our Power Mortgage without the need for additional closing costs or another loan application.\*



**Save time with convenient closing options.** Work with an experienced staff that understands builders' needs and makes closing quick and seamless for your clients. Learn more about Security Service Title Company at [sstc.org](http://sstc.org).

Security Service Title Company (SSTC) is a subsidiary of Security Service Federal Credit Union. Products offered by SSTC are not insured by the National Credit Union Administration (NCUA) and are not issued, guaranteed, or underwritten by Security Service or the NCUA.

## Builder Review Process

To get the acceptance process started, submit a Builder Application and the required documentation listed below based on your experience. Typically, a construction representative will contact you within one business day. Email all documents and requests to [construction@ssfcu.org](mailto:construction@ssfcu.org).

| Provide the following documentation based on your level of experience: |   |  |  |
|--|---|--|--|
|  | Tier One  | Tier Two   | Tier Three   |
| MINIMUM REQUIREMENTS   | More than 10 years of experience as an independent self-employed residential home builder immediately preceding the application is required.  | A minimum of five years of experience as a self-employed residential home builder immediately preceding the application is required.   | A minimum of two years of experience as a self-employed residential home builder immediately preceding the application is required.  |
| DOCUMENTATION REQUIREMENTS   | <ul style="list-style-type: none"> <li>&gt; If not a publicly traded corporation, provide resumé of principal and/or partners, as applicable.</li> <li>&gt; Provide documents confirming business name, e.g. Article of Incorporation, Certificate of Incorporation, Partnership, Assumed Named Certificate, etc.</li> <li>&gt; Provide proof of general liability insurance if building more than 50 homes per year.</li> <li>&gt; A year-to-date profit and loss statement may be requested by Security Service.</li> <li>&gt; Copy of construction contract and budget.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Provide most recent one-year business income tax returns, all schedules.</li> <li>&gt; Provide a signed 4506-T for the business.</li> <li>&gt; Provide one customer reference.</li> <li>&gt; Provide one interim lender reference.</li> <li>&gt; A year-to-date profit and loss may be requested by Security Service.</li> <li>&gt; Copy of construction contract and budget.</li> </ul> | <ul style="list-style-type: none"> <li>&gt; Provide most recent two years business income tax returns, all schedules.</li> <li>&gt; Provide a signed 4506-T for the business and a business credit report.</li> <li>&gt; Provide two customer references.</li> <li>&gt; Provide two interim lender references.</li> <li>&gt; A year-to-date profit and loss may be requested by Security Service.</li> <li>&gt; Copy of construction contract and budget.</li> </ul> |

# Security Service Builder Requirements

At Security Service, our Builder Review Process takes into account all aspects of your business. Once accepted, you'll be on our accepted builder list for 24 months. The information below will be requested and reviewed by Security Service to finalize your Builder Application for review:

- Positive retained earnings, if applicable.
- Principal business or professional confirmation of residential construction.
- Year-to-date profit and loss and balance sheet, if required.
- Business credit report, if applicable.
- Better Business Bureau review.
- Where available, county record search for Affidavits of Lien Claims filed.
- Where available, county record search for Judgment/Bankruptcy or Foreclosure filings.
- Builder website.
- Business tax returns, if applicable.
- For a corporation, partnership, or limited liability corporation, Security Service will ensure the company is in good standing with the Office of the Secretary of State.
- Where available, county record search for Assumed Name Certificate if not provided by builder.
- Security Service will contact each customer reference on builder application and determine customer experience, if applicable.
- Security Service will contact each interim lender reference on builder application and determine lender experience, if applicable.
- General liability insurance, if applicable.
- Sample copy of a construction contract and budget.

Note: Security Service does not allow self builds or "sweat equity."



# Insurance Requirements

- During the construction phase, the builder is required to carry an active builder's risk insurance policy.
- Security Service requires a copy of the active builder's risk policy to process draw requests.
- Policy on file with Security Service needs to be active for 60 days after property completion.



Security Service Insurance (SSI) is a subsidiary of Security Service Federal Credit Union. Products offered by SSI are not insured by the National Credit Union Association (NCUA) and are not issued, guaranteed or underwritten by Security Service or the NCUA.

The experts at Security Service Insurance can help you protect your business with the right coverages for Builders Risk, Tools and Equipment (Inland Marine), General Liability, Workers Comp, Contractors Auto and Fleet, and many others. Call today for a free, no obligation review of your business insurance requirements: **1-888-535-6222**.

# Draw Request Process

Requesting a fund disbursement from Security Service is quick and easy. Once we receive the inspection reports, we typically send funds within 24 hours. Our timely disbursement makes it possible for you to pay your contractors faster, avoid delays, and focus on construction.

## DISBURSEMENT PROCESS IN TEXAS

- Complete, sign, and submit the Draw Request form to Security Service, listing all items that have been completed.
- The minimum amount required for a draw request is \$6,000.
- The Security Service construction loan specialist will order an inspection report, if applicable, to confirm the listed items have been completed. Inspection schedule is at the discretion of Security Service and is based on the size and scope of the project. The inspections are performed solely for the credit union's benefit and should not be used to ensure quality or compliance.
- Funds are wired to the builder's business checking account, not a joint account with the homeowner.
- Construction funds may only be used for project costs. Disbursements are issued when work is complete. Deposits for custom items may be allowed as an exception.
- If the member elects Retainage as outlined in the Texas Property Code, 10% of each draw will be retained by Security Service until the project is complete. At that time, a joint check will be made out to the builder and the member. The purpose of this is for you and the member to obtain the waiver and release from any sub-contractors within 30 days of completion date.
- If the member chooses to waive Retainage, a waiver and release on progress payments may be required at each draw request.
- Upon completion of work and before the final payment, you are required to furnish an affidavit stating all bills have been paid. This waiver and release on final payment is required under Texas law.

## DISBURSEMENT PROCESS IN COLORADO

- Complete, sign, and submit the Draw Request form to the title company, listing all items that have been completed.
- The minimum amount required for a draw request is \$6,000.
- The builder is required to provide all invoices associated with the draw request to the title company.  
  
Note: If the builder pays sub-contractors directly, the title company will require invoices, proof of payment to the sub-contractors, and waivers signed by all sub-contractors.
- The title company will order an inspection report, if applicable, to confirm the listed items have been completed.
- The title company will submit the draw request and the inspection report to Security Service for approval.
- Once approved, the title company will disburse funds directly to the contractor or sub-contractor(s).
- Construction funds may only be used for project costs. Disbursements are issued when work is complete. Deposits for custom items may be allowed as an exception.
- The title company will act as the disbursing agent for the duration of the interim construction loan.

### GOOD TO KNOW:

Security Service only releases funds for work completed. Please submit draw requests for items that are 100% complete. This applies in all three states.

Soft-cost draws are limited to 10%, if applicable.

## DISBURSEMENT PROCESS IN UTAH

- Complete, sign, and submit the Draw Request form to Security Service, listing all items that have been completed.
- The minimum amount required for a draw request is \$6,000.
- The Security Service construction loan specialist will order an inspection report, if applicable, to confirm the listed items have been completed. Inspection schedule is at the discretion of Security Service and is based on the size and scope of the project. The inspections are performed solely for the credit union's benefit and should not be used to ensure quality or compliance.
- Security Service will utilize the Utah State Construction Registry.
- Funds are wired to the builder's checking account, not a joint account with the homeowner.
- Construction funds may only be used for project costs. Disbursements are issued when work is complete. Deposits for custom items may be allowed as an exception.
- Upon completion of work, the builder is required to furnish a waiver and release on final payment. Utah state law requires the builder to either provide signed waivers or withdraw their preliminary notice from the Utah State Construction Registry.

Thank you for your interest in becoming an accepted builder with Security Service. We look forward to working with you and your clients.

## Change Orders

All change orders will be submitted to Security Service to determine the impact on the appraised value. Additional conditions may apply if the value is determined to have changed.

Security Service accepts fixed-price contracts, so change orders during the interim construction phase will not be drawn from the loan. Overages will be paid by the member directly to the builder prior to work being completed.

All improvements are to be completed during the construction phase, prior to conversion to permanent financing.





**CONSTRUCTION LOAN SERVICING**

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