

BID AND PERFORMANCE CONTRACT BONDS



Contract surety bonds provide financial security and construction assurance on building and construction projects. They guarantee to the project owner (obligee) that the contractor (principal) is qualified to perform the work and will pay certain subcontractors, laborers, and material suppliers. If the contractor defaults, the surety guarantees that the obligations will be met.

Common Types of Contract Bonds

- **Bid bonds** – financial assurance that the bid has been submitted in good faith, and that the contractor intends to enter into the contract at the price bid and provide the required performance and payment bonds.
- **Performance bonds** – protect the owner from financial loss should the contractor fail to perform the contract in accordance with its terms and conditions.
- **Payment bonds** – guarantee that the contractor will pay certain subcontractors, laborers, and material suppliers associated with the project.
- **Maintenance bonds** – guarantee against defective workmanship or materials for a specified period.
- **Subdivision bonds** – guarantee to a city, county, or state that the principal will finance and construct certain improvements such as streets, sidewalks, curbs, gutters, sewers, and drainage systems.

We have the capacity to obtain any bond line limit, depending on the qualifications of the contractor:

Revenues up to \$750,000

- 1 page application with signed indemnity
- Copy of the contract

Revenues of \$750,000–\$1,500,000

- 1 page application with signed indemnity
- Copy of the contract
- 1 year of financials or recent tax returns

Revenues above \$1,500,000

- Contract questionnaire
- 2 years of CPA financials or tax returns
- WIP schedule
- Accounts receivable aging report
- Personal financial statement
- Copy of the contract
- Bank statements or letter from the bank
- Additional underwriting information may be required on a case by case bases



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