

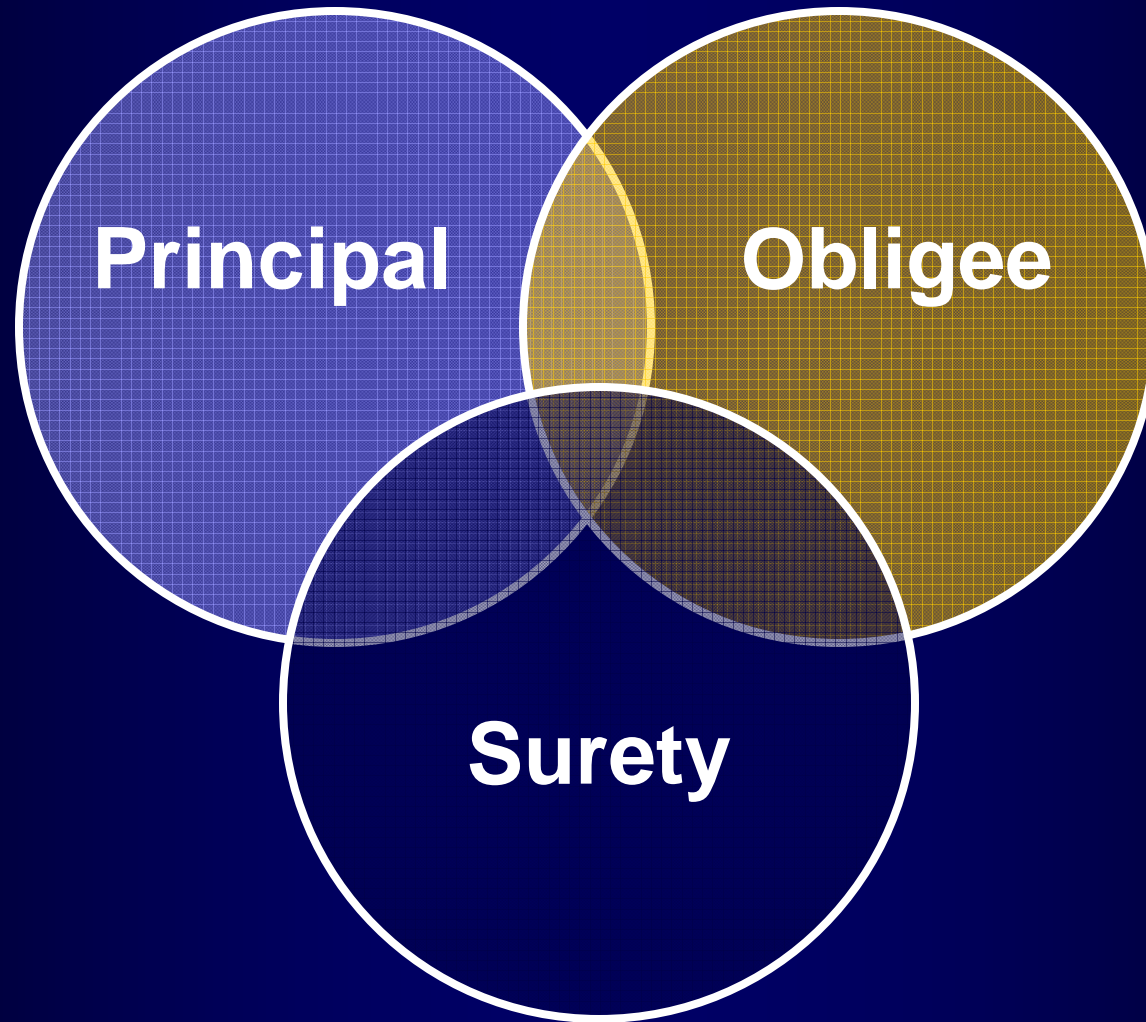
Surety Bonds

101

The Basics of Bonding



What is Surety Bonding?



Types of Surety Bonds

The image shows two overlapping forms. The top form is titled "THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA" and "AGC DOCUMENT NO. 262 BID BOND". It contains fields for Contractor (Name), Owner (Name), Architect/Engineer (Name), and Principal and (Name). Below these fields is a section for "PERFORMANCE BOND" with instructions to "See instructions on reverse". The bottom form is titled "THE AMERICAN INSTITUTE OF ARCHITECTS" and "AIA Document A311 Labor and Material Payment Bond". It includes the text "THIS BOND IS ISSUED SIMULTANEOUSLY WITH PERFORMANCE BOND IN FAVOR OF THE OWNER CONDITIONED ON THE FULL AND FAITHFUL PERFORMANCE OF THE CONTRACT" and a section for "KNOW ALL MEN BY THESE PRESENTS: that" with fields for Principal and Surety.

- Bid Bond
- Performance Bond
- Payment Bond

Types of Surety Bonds

The image shows two overlapping forms. The top form is titled "THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA" and "AGC DOCUMENT NO. 262 BID BOND". It contains fields for Contractor, Owner, Architect/Engineer, and Principal, along with a "PERFORMANCE BOND" section. The bottom form is titled "THE AMERICAN INSTITUTE OF ARCHITECTS" and "AIA Document A311 Labor and Material Payment Bond". It includes a statement: "THIS BOND IS ISSUED SIMULTANEOUSLY WITH PERFORMANCE BOND IN FAVOR OF THE OWNER CONDITIONED ON THE FULL AND FAITHFUL PERFORMANCE OF THE CONTRACT" and a section for "KNOW ALL MEN BY THESE PRESENTS: that" with fields for Principal and Surety.

- Bid Bond
- Performance Bond
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Types of Surety Bonds

The image shows two overlapping forms for surety bonds. The top form is titled "THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA" and "AGC DOCUMENT NO. 262 BID BOND". It includes a logo and a section for "PERFORMANCE BOND" with instructions to "See instructions on reverse". The bottom form is titled "THE AMERICAN INSTITUTE OF ARCHITECTS" and "AIA Document A311 Labor and Material Payment Bond". It includes a logo and a section for "Labor and Material Payment Bond" with the text "THIS BOND IS ISSUED SIMULTANEOUSLY WITH PERFORMANCE BOND IN FAVOR OF THE OWNER CONDITIONED ON THE FULL AND FAITHFUL PERFORMANCE OF THE CONTRACT". Both forms have fields for "Contractor", "Owner", "Architect/Engineer", and "Principal and Surety".

- Bid Bond
- Performance Bond
- Payment Bond

Prequalification

Capacity

**Financial
Strength**

**Company
History**

Organization

**Continuation
Plans**

References

**Work
In progress**

Surety Company Checklist



- ✓ Good character
- ✓ Experience matching contract requirements
- ✓ Financial strength
- ✓ Excellent credit history
- ✓ Banking relationship
- ✓ Line of credit
- ✓ Necessary equipment

Benefits of Bonds



**Construction
Assurance**

**Financial
Security**



Functions of Bonds

Surety Bonds



- No liens
- Smooth transition from construction to permanent financing
- Provide support to contractor
- Project completion

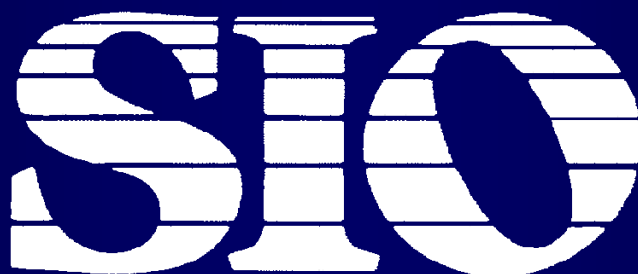
Cost of Surety Bonds

| | |
|-------------------------|--------------------------------------|
| Bid Bond | No charge |
| Performance Bond | 1/2 - 2% of contract price |
| Payment Bond | Price included with performance bond |

Example Surety Bond Rates

| Project Amount | Approx. Bond Premium |
|---|-----------------------------|
| \$1 Million | \$7,700 – \$13,500 |
| \$5 Million | \$33,200 – \$47,250 |
| \$10 Million | \$56,950 – \$81,000 |
| \$20 Million | \$101,950 – \$146,000 |
| * Premiums may vary depending on size, type & contractors bonding capacity. | |

For More Information



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