



EVERYTHING YOU WANTED

TO

KNOW ABOUT CONSTRUCTION BONDS

An E-Book

Written by Thomas M. Hester

and Provided by UnitedSuretyBonds.com

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Hello and thank you for visiting UnitedSuretyBonds.com and down loading this E-Book. UnitedSuretyBonds.com is your one click site for all your bonding needs.

INTRODUCTION

First a little bit about our company. UnitedSuretyBonds.com (**USB**) was started as an off shot of FarmBrown.com, one of the Internets leading providers of insurance to contractors. After many years of dealing with contractors and listening to their concerns we discovered that there was a great deal of misinformation and misconceptions on how a contractor went about getting bond. Most of our clients had been dealing with local agents that were not too familiar with contractors insurance and even less familiar with the bonding process.

We heard your frustration and as a result **USB** was started. At **USB** you will deal with a professional team that only writes bonds. This gives us the knowledge and experience that your local agent may not have. In many cases whether a bond is issued is based on how the application is presented to the bond underwriter. We have this knowledge and along with our personal relationships we have forged over the years with the underwriters we deal directly with will give you the best chance of having your bond approved.

If you are new to the bonding process we will be happy to explain the process fully to you. We know the process can be confusing and time consuming at times. At USB we guide you through this process to make it as painless as possible. In most cases if the bond required is under \$350,000 all we need is your social security number and signature.

At United surety bonds.com we offer all types of bonds. The three most requested types of bonds are License and permit Bonds, Bid Bonds and Pay and performance bonds.

License and permit bonds are generally required by a City or state when you are getting a permit for a project or you are registering as a contractor. These types of bonds can be issued immediately and usually cost \$100. Certain bonds that have a higher penalty amount may cost more.

Bid bonds are required when you are bidding a job where public funds are being used to finance a project. United Surety Bonds.com has the ability to get the bid bond in your hand the next day after a completed application is received. Once your account is set up you will always be able to get the bond by the next morning. One other thing that sets us apart from other bonding companies is that we do not charge for bid bonds.

If you are the low bidder or a subcontractor many times the terms of the contract will require the contractor to provide a payment and performance bond. These bonds provide a guarantee to the owner that the project will be completed and that all of the suppliers and subcontractors will be paid. If we issue the bid bond there is no further paper work required to obtain the payment and performance bond except for a copy of the contract or the notice of award. The cost of this bond is 3% or less than the contract price. This cost should always be included in your bid when you are working up your figures.

We look forward to working with you. Please feel free to email Tom Hester directly at 312-878-2372 or Tom@farmerbrown.com with any questions.

BONDS AND PERSONAL CREDIT SCORE

The first thing any underwriter checks when a new application for a bid bond crosses their desk is the credit of the owners and their spouses. If you have poor credit it makes it very difficult to become bonded. As a result of the poor economy during the last few years many smaller contractor's credit has suffered. In many instances this was through no fault of the contractor themselves. Prime contractors and developers often time went bankrupt and left small contractors holding the bag. Contractors who were able to hold on during these lean times are usually not in the greatest financial shape. Now with the improving economy they find themselves in the position to be able to get back on their feet, but only to be knocked back down again as they are unable to secure bonding because of a low credit score.

- What credit score are they looking for to get a bond?

Generally the minimum credit score is around 700. The so-called “credit score range” for the standard FICO score is 300 to 850. If you do not know your credit score you should obtain a free copy by using sources like CreditKarma.com or similar sites. A quick way to figure out if your credit score is over 700 is if you have unsecured Visa, Mastercard or American Express credit cards. If you have these cards, are current on the payments and do not have any other recently past due bills you typically have a credit score of at least 700.

- What Can I do if my credit score is below 700?

The first thing you must realize is that obtaining Bid Bonds regularly with minimum hassle is the goal you should have to grow your business. At UnitedSuretyBonds.com we want to establish a long term mutually beneficial relationship with your business. This growth may take time and effort. In situations where the personal credit is not so good a credit report should be obtained. This report should be reviewed carefully for any errors. Errors can be disputed on-line with all the major credit bureaus. Another easy way to raise your credit score is by reducing your credit balances. Be careful not to close any accounts because this actually

may have a negative effect on your credit.

- Can I post collateral?

The answer to this question is yes. Surety companies will take collateral in most instances. This option is generally not feasible for most small contractors. The reason for this is that surety companies will require either cash or an irrevocable letter of credit to secure any bonds issued. This amount can vary from 20% to 40% of the contract price. It has been our experience that contractors with low credit scores do not have access to this amount of cash.

- I have a lot of real estate will the surety company take that as collateral?

The answer to that question is NO. There is a way that you can possibly use the equity you currently have in your real estate to obtain a line of credit from a bank and this in turn can be used to secure the bid bond you need.

BID BONDS

WHAT IS A BID BOND?

When a contractor wants to bid on construction projects that are being advertised by governmental entities that are over \$25,000 there is generally a requirement that the contractor along with their bid proposal also submit a bid bond. The failure to include the bond, if required almost always results in that contractors bid being disqualified as nonconforming/non-responsive even if they submitted the lowest bid.

WHY DO OWNERS REQUIRE BID BONDS?

The bid bond also gives the owner of the project the security that the contractor submitting the bid has been vetted by a third party as to the contractors credit and positive work history.

The bid bond also guarantees the owner that the principal will honor its bid. The owner of the project is called the “Obligee” and may sue the contractor the “Principal” and the surety to enforce the bond. If the principal refuses to honor its bid, the principal and surety are liable on the bond for any additional costs the owner incurs in fulfilling the contract. This usually is the

difference in dollar amount between the low bid and the second low bid and if necessary the costs of having the job rebid. The amount of a bid bond is generally five to twenty percent of the bid amount. This is called the penal sum and is the upper limit on the liability under the bid bond.

In certain instances private owners can request bid bond when they solicit work. This is generally not a problem as long as the funds to fund the project can be verified. The major exception to this is the construction or repair of single family homes.

At United Surety Bonds we do not charge contractors to supply Bid Bonds. To qualify for bid bonds for contracts up to \$350,000, the owners of the company need to have credits scores above 700 and have been in business for a year. For contracts exceeding \$500,000 contractors are required to provide financial statements for the last two years and also a personal financial statements of all the owners.

There are also programs that are available if the contractors credit and financial statements are marginal. These programs generally require collateral of 25% of the contract amount. This collateral needs either to be cash or an irrevocable letter of credit from an acceptable financial institution. They will not accept real estate as collateral. In this type of situation it is best for the Contractor to attempt to secure a line of credit from a bank using the property as collateral.

Payment and Performance Bonds

To ensure the satisfactory completion of a project by a contractor, a Payment and Performance bond is often required by the owner of a project. Payment and Performance bonds are commonly used in the construction industry, mainly for governmental projects. Payment bonds guarantee that all the subcontractors and suppliers will be paid. Performance bonds guarantee that the bond company will step in and complete the project if the original contractor fails to do so. An example of this would be the insolvency of a contractor.

Another common scenario is that a large contractor may require that their subcontractors provide a Payment and Performance to the Prime contractor. This is done for the same reasons as if the bond was given to the owner, it protects the Prime contractor from any claims from suppliers of subcontractor, along with guarantee that the work will be performed.

MAINTENANCE BONDS

MISCELLANEOUS BONDS

Bonds are required by certain governmental entities to allow various types of activities to take place in their jurisdictions. These types of bonds are generally required for the following activities, while this is a comprehensive list of various types of miscellaneous or specialty bonds it is no way exhaustive:

- Itinerant Vendor bond or peddler bond- These are required in many jurisdictions if you are soliciting business in a municipality or you are selling goods from non permanent location. The requirements for these type of bonds vary from place to place. In order to save time you should request a link to the website that states the requirements or an email with the forms or requirements. It is also important to find out if each individual needs a separate bond or they will accept a bond in the name of the company that covers all employees engaged in the regulated activity.
- Street opening bond or driveway permit- These bonds can be required by the State or a City if you are doing any work on a public way. The most common of these are adding a driveway, connecting to sewers and/or water mains and sidewalk work. These bonds are very specific. The amount of the bond is usually based upon the size of job and the size of the bond is set by entity requesting the bond. The cost of these is generally 3% of the required bond amount. It can take 1 to 2 business days after a completed application to get these bonds. In most instances these require good credit.
- Developer Bonds- These are required if you are going to doing any type of work that requires building on undeveloped land. These bonds are not the easiest bonds to get as they require the bond company to complete the proposed development if the party obtaining the bond does not complete the work. The cost of a developer bond is around 3% of the amount the bond that is required. The amount of these bonds are assessed on a case by case basis the entities involved and they determine the amount of the bond. All these types of bonds will require good credit of the party requesting these bonds.
- Alcohol tax bonds or liquor tax bonds-If you are making or selling alcohol you will need a bond. You will be required to get a federal tax bond and in most cases a State alcohol tax bond. The amount of the bond required is determined by the amount and type of alcohol you produce. These bonds are usually a couple of hundred dollars a year.
- Out of State Contractors Bond- This type of bond is required by some States if your business is not based in that State. The out of State Contractor guarantees to the State that company will pay all taxes due to the State from the contractors operation in that State. These taxes are use, sales tax, employment taxes and any income taxes. These bonds are generally expensive as the possibility of a claim on the bond is higher than in most situations. The cost of these is around 10% of the bond required. These bonds also

require good credit.

In most instances, the cost of required bonds varies by the amount of the bond required and the risk that the Surety company has on paying any claims on the bond. The cost of bonds varies from State to State as a result of different State laws. In most cases there is no credit check for miscellaneous bonds, except as outlined above. If there is a credit check required, the price difference for people with good credit versus those with bad credit is staggering. year. In certain States some companies do not require a credit check to issue these type of bonds, so it is always best to check with the professionals at UnitedSuretyBonds.com for a free quote. Good credit as defined by most bonding companies is a credit score above 700, no bankruptcy in last 7 years and no unresolved claims against previously issued bonds.

Another major concern that contractors have about getting a bond is how will it take to get processed. In all situations where the contractors credit is “good” as defined above or no credit check is required the bonds can be issued immediately. These permit bonds are in most cases electronically sealed and can be emailed directly to the contractor for their signature. In some cases an actual signature and seal is required from the Bond company and in that case the bond can be delivered the next day by Fed Ex or regular mail if time allows.

UnitedSuretyBonds.com can take a check or credit card over the phone to collect payment for the permit bond.

FINAL THOUGHTS

APPLICATION

For Single Bonds or Aggregate Programs up to \$350,000, complete page 1.

For Aggregate Programs in excess of \$350,000, up to \$700,000, complete page 1 and page 2.

CONTRACTOR DATA

E-Mail Address _____

Type of Business: [] Partnership [] (S) Corporation [] (C) Corporation [] Sole Proprietorship [] LLC [] LLP
Company Name _____ Phone _____
Company Address _____ City _____ State _____ Zip _____
Type of Work _____ Date started in Business _____
Has the applicant been in claim, and/or, denied bonding by another surety? [] No [] Yes Explain (if yes) _____

OWNER DATA / INDEMNITORS (Provide the information below on all owners; use additional sheet if necessary)

Name _____ Address _____ City/State/Zip _____ SS# _____ DOB _____
Name _____ Address _____ City/State/Zip _____ SS# _____ DOB _____
% of Business Ownership _____ Married [] Yes [] No % of Business Ownership _____ Married [] Yes [] No
Spouse Name _____ Spouse Name _____
SS# _____ DOB _____ SS# _____ DOB _____

CNA Surety may obtain a credit report about the Applicant including its Owner(s) and Owners' spouses in order to confirm the information provided in this application and obtain information about Applicant's credit history. For new applicants, complete and sign the General Indemnity Agreement.

BOND REQUEST DATA If no bond is needed at this time, but only prequalification for future bonding, check here []

Anticipated Start Date _____ Time for Completion _____ Maintenance Period _____
Obligee (Who is requiring the contractor get a bond?) _____
Obligee Address _____ City _____ State _____ Zip _____
Job Legal Description _____
Job Physical Address _____ City _____ State _____ Zip _____

*This application is not intended for use in connection with Design-Build Contracts, Subdivision or Site Improvement over \$100,000, Asbestos Abatement, Completion, Hazardous Materials, or Multi-Year Contracts where term of contract is over 5 years.

Check and Complete: (For private jobs or subcontracts, please enclose a copy of the contract and bond form for projects over \$150,000.) (check one only) (For service type contracts, provide a copy of the contract.)

[] Bid Bond:
Bid date _____
Estimated total amount of bid: \$ _____
Engineers Estimate: \$ _____ [] None
Bid Bond %, or flat amount _____

OR Contract Price \$ _____
Contract Date (Date when contract is signed) _____
[] Performance & Payment Bond [] Supply Bond
[] Subcontractor Performance & Payment Bond
[] Stand Alone Maintenance Bond \$ _____

Status of Outstanding Bid or Performance Bonds:
Bond No. _____ Bid Awarded: [] Yes [] No
Bond No. _____ Bid Awarded: [] Yes [] No

Bid secured by: Check [] Bond [] Negotiated []
Next two lowest bidders
\$ _____ \$ _____

BOND FORM DATA

Name of Agent signing as Power of Attorney _____
(Name here) _____

[] CNA Form [] State Form (Send copy)
[] AIA Form [] Obligee Form (Send copy)
[] Federal Contract # _____
State of Incorporation _____

AGENCY DATA

Agency Name JOHN M. BROWN INSURANCE AGENCY INC. Agency Code 1 2 - 1 9 9 2 6

Any person who knowingly and with intent to defraud any insurance company or person files an application containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime under applicable law. The applicants and indemnitors certify the truth of all statements in the application and authorize the Company to verify this information and to obtain additional information from any source including obtaining a credit report.



Complete this page for Aggregate Programs in excess of \$350,000, up to \$700,000.

Contractor's Company Name _____ File Number(s) Reference _____
 Contractor's Company Address _____ City _____ State _____ Zip _____

FINANCIAL DATA Please submit the following:

- Company Financial Requirements for (C) Corporations, (S) Corporations, and LLCs:** Provide the company's last 2 years fiscal year-end financial statement or tax return. If the latest fiscal year financial statement or tax return is more than 6 months old, then also provide a current interim financial statement.
- or
- Business Financial Requirement for Sole Proprietorships and Partnerships:** Provide the last 2 years fiscal year-end financial statement on the business. If the fiscal year-end statement on the business is more than 6 months old, then also provide us with a current interim financial statement.
- and
- Personal Financial Statements** Provide a copy of each owner's latest personal financial statement. If the personal financial statement is more than 6 months old then provide us with a current statement.

Does the contractor have a formal bank line of credit? Yes No
 If "Yes" amount of Line of Credit? _____ Amount currently borrowed? _____

EXPERIENCE DATA

List the three largest contracts completed in the last five years:

Owner or General	Kind of Work	Location (City/County, State)	Contract Price	Year Completed	Final Gross Profit

List the two largest jobs you presently have underway, giving the following information:

Owner or General	Kind of Work	Location (City/County, State)	Contract Price	% of Completion	Estimated Gross Profit	Date to be Completed

OPERATIONS DATA

Liability Insurance Company and Limits _____ Expiration Date ____ / ____ / ____

- Type of trades you perform: _____
- Territory in which you perform work (present and planned) _____
- Trades subcontracted: _____

GENERAL DATA

Disputes, Financial Difficulties, Problems, Etc.

- | | | |
|--|--|--|
| | Company | Any officer, owner or partner |
| a. Failed in business or declared bankruptcy? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| b. Failed to complete a job or been assessed with delay damages? . . . | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| c. Been involved in any lawsuits or disputes in the last 5 years? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| d. Do you have any corporate or personal assets held in trust or escrow accounts? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| e. Are any business or personal assets restricted or pledged for any purpose (i.e. collateral for a loan, etc.)? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| f. Were you bonded in the past - By whom? | Yes <input type="checkbox"/> No <input type="checkbox"/> | Yes <input type="checkbox"/> No <input type="checkbox"/> |

Explain all "yes" answers fully below or attach explanation

AGENCY DATA

Agency Name JOHN M. BROWN INSURANCE AGENCY INC. Agency Code 1 2 - 1 9 9 2 6

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GENERAL INDEMNITY AGREEMENT

THIS AGREEMENT is made by the undersigned Indemnitors ("Indemnitors") for the benefit of Surety in connection with any Bond, as defined below, which may have been or may hereafter be provided for the benefit of or at the request of any one or more Indemnitors. If any Indemnitors have previously executed an indemnity agreement in favor of Surety, this Agreement shall be in addition to and not in lieu of or in replacement of such other agreement.

I. DEFINITIONS. The following terms shall be defined as follows for purposes of this Agreement:

A. **Bond:** Any surety bond, undertaking, or other obligation in the nature of a guaranty or suretyship, as well as alterations, amendments, extensions, substitutions, and renewals issued or procured by the Surety on, before, or after the date of this Agreement for (a) any Indemnitor or any of their respective parent companies, subsidiaries, and affiliates; (b) any joint venture, partnership, association, limited liability company, or other legal entity in which one or more of the persons and entities identified above in sub-paragraph (a) have a direct or indirect interest; or (c) at the request of any Indemnitor.

B. **Contract:** Any contract or obligation whose performance is covered or guaranteed under a Bond.

C. **Event of Default:** Any one or more of the following: (a) any breach of the terms and conditions of this Agreement; (b) Principal's breach, abandonment or forfeiture of a Contract; (c) any bankruptcy, insolvency, assignment for the benefit of creditors, appointment of a receiver or conservator, or similar proceeding concerning the Principal or any Indemnitor, whether voluntary or involuntary.

D. **Loss:** Any (a) claim, demand, liability, charge, suit, fee, or expense, including but not limited to attorney (both outside and in-house) and consultant fees, incurred by the Surety as a result of issuing or procuring a Bond; (b) cost incurred by Surety in procuring or attempting to procure a release from liability under a Bond; (c) cost incurred in investigation or adjustment of any claim or potential claim under a Bond; (d) costs incurred by Surety in enforcing the Indemnitors' obligations under this Agreement; and (e) any other cost incurred by Surety arising from the issuance or procurement of a Bond. The term Loss shall also include any advances or loans to any Principal or Indemnitor that are not repaid to the Surety as required by the terms of such advances or loans.

E. **Principal:** The person(s) and entity (ies) whose Contract obligations the Surety is requested to guarantee by issuing or procuring a Bond. Principal includes any person or entity identified on a Bond as "Principal" or "Contractor."

F. **Surety:** Any one or more of Western Surety Company, Universal Surety of America, and their successors, assigns, affiliates, subsidiary companies, and reinsurers. The term Surety shall also include any other person or entity which, at the request of the above, may act as surety or co-surety on any Bond.

II. INDEMNITY. The Indemnitors agree:

A. To defend, indemnify, and save harmless Surety from and against any and all Loss Indemnitor which the Surety may pay or incur.

B. To pay Surety all premium due on Bonds at the rates and times specified by the Surety. The Indemnitors specifically acknowledge and agree that the Surety's right to charge and collect premiums continues until the Surety is provided written evidence, satisfactory to the Surety that (i) its liability on such Bond has been discharged or (ii) its termination of liability as a matter of law.

C. That in any claim or suit arising out of or related to any Bond or this Agreement, an itemized statement of Surety's loss and expense, sworn to by a representative of Surety, or other evidence of disbursement by Surety, shall be prima facie evidence of the fact and extent of Indemnitor's liability under this Agreement.

D. To deposit collateral security with the Surety upon demand in an amount that Surety shall reasonably determine is necessary to protect it from Loss whether or not Surety has made any payment.

E. That in the Event of Default: (a) the Surety shall have the right, but not the obligation, to take possession of the work under any Contract, to complete such Contract, or cause or consent to the completion thereof, with any cost thereof being Loss; (b) the Indemnitors hereby assign, transfer, and set over to the Surety all of their rights under the Contracts, including: (i) their right, title and interest in and to all subcontracts let in connection therewith; (ii) all machinery, plant, equipment, tools and materials upon the site of the work or elsewhere for the purposes of the Contracts, including all material ordered for the Contracts; (iii) all patents, licenses, permits and computer software used for the performance of any Contract and/or financial record keeping of the same; (iv) all actions, causes of action, claims and demands whatsoever relating to the Contracts; and (v) any and all sums due under the Contracts at the time of the Event of Default or which may thereafter become due; (c) the Indemnitors hereby authorized the Surety to endorse in the name of the payee, and to receive and collect any check, draft, warrant or other instrument made or issued in payment of any such sum, and to disburse the proceeds thereof; and (d) the Indemnitors hereby irrevocably nominate, designate and appoint the Surety and its designees as their attorney-in-fact with all the powers necessary to exercise any right granted in this Agreement, including but not limited to the power to make, endorse, execute, sign, and deliver any and all additional or other instruments, checks, drafts, deposits, ACH and wire transfer directives and orders, change of address notices, liens and releases thereof, applications, certificates, draw requests, orders, releases, and papers deemed necessary or desirable by the Surety in order to give full effect to the obligations assumed and the agreements made by Indemnitors hereunder, the assignments and conveyances made herein, and the full protection intended to be herein given to the Surety under all the provisions of this Agreement. The Indemnitors ratify and confirm all acts undertaken by the Surety and/or its designees as such attorney-in-fact.

F. That all payments earned on any Contract shall be held in trust as trust funds for the completion of the Contract and the payment of Indemnitors' obligations for labor, material, equipment, supplies or services furnished in the performance of the Contract. Upon an Event of Default and the Surety's request, Indemnitors shall open an account with a bank acceptable to the Surety for the deposit of such trust funds.

G. That upon an Event of Default, the Indemnitors grant the Surety a security interest in all property, rights, and assets of the Indemnitors, including, but not limited to, all inventory, equipment, instruments, investments, contracts rights and proceeds, insurance, accounts, and deposits ("Collateral"). This Agreement shall constitute a Security Agreement and a Financing Statement for the benefit of the Surety in accordance with the Uniform Commercial Code and any similar statute and may be so used by the Surety without in any way abrogating, restricting or limiting the rights of the Surety. Indemnitors authorize the Surety upon an Event of Default to file this Agreement or a photocopy thereof and any schedules or statements necessary to describe the Collateral covered by such filing.

III. GENERAL PROVISIONS. The Indemnitors further agrees as follows:

A. **Books and Records; Credit Reports.** Upon demand and reasonable notice, the Surety shall be provided access to the books and record of the Indemnitors which includes but is not limited to papers, books, records, contracts, reports financial information and electronically stored information for the purpose of review and copying. The Surety is authorized to obtain a credit report on any Indemnitor at any time while the Surety may be liable under any Bond.

B. **Joint and Several Liability.** Indemnitors' obligations under this Agreement are joint and several. Surety's release of any one Indemnitor shall not release any other Indemnitor. No action or inaction of Surety with respect to anyone other than Indemnitor shall relieve the Indemnitor of any obligation owned under this Agreement. Indemnitor shall not be released from liability under this Agreement because of the status, condition, or situation of any party to this Agreement or any Principal.

C. **Defects in Execution.** If the execution of this Agreement by any Indemnitor is defective or invalid for any reason, such defect or invalidity shall not affect the validity hereof as to any other Indemnitor. Should any provision of this Agreement be held invalid, the remaining provisions shall retain their full force and effect.

D. **Prior Bonds.** Indemnitors waive any defense related to the date of this Agreement's execution and acknowledge that any and all Bonds executed pursuant to any Indemnitor's request before the date of this Agreement were executed by the Surety in reliance on this Agreement. Indemnitors understand and agree that this Agreement is a continuing agreement to indemnify over an indefinite period.

E. **Claim Notices.** Immediately upon becoming aware of any claim, demand, or proceeding concerning a Bond, the Indemnitors shall send notice of same to the Surety at:
CNA Surety Corporation, Claim Department
333 South Wabash Avenue, 41st Floor
Chicago, Illinois 60604

F. **Claim Settlement.** Surety shall have the right in its sole discretion to decide whether any claims arising out of or related to any Bond shall be paid, compromised, defended, prosecuted, or appealed regardless of whether or not suit is actually filed or commenced against Surety upon such claim. Absent Surety's intentional wrongdoing, Indemnitor agrees to be conclusively bound by Surety's resolution of any and all claims and to accept Surety's determination of liability in regard to any and all claims.

G. Bond Declination. Surety may decline to execute any Bond for any reason and shall not be liable to Indemnitor, or any person or entity, as a result of such declination.

H. Termination. An Indemnitor may terminate liability to Surety under this Agreement by sending written notice by registered mail of intent to terminate to Surety, in care of Western Surety Company, P.O. Box 5077, Sioux Falls, South Dakota 57117-5077. Termination will be effective twenty days after actual receipt of such notice by Surety, only for Bonds signed or committed to by Surety after the effective date of termination.

I. Issuing Surety. Indemnitors understand and agree that other than for the entity issuing a Bond, no other entity included within definition of the "Surety" in this Agreement assumes any obligation whatsoever with respect to either this Agreement or such Bond.

J. Electronic Image. An electronic image, printout, copy, or facsimile of this Agreement shall be considered an original and shall be admissible in a court of law to the same extent as an original copy.

K. Bond Changes. The Indemnitors' obligations to the Surety shall remain unchanged in the event of any changes in any Bond without regard to notice or consent by any Indemnitor. The Surety shall have no obligation to give the Indemnitors notice of the execution, renewal, or modification of a Bond.

L. Other Agreements. Indemnitors agree that this Agreement is not a replacement, release, or alteration of any other agreement between any Indemnitor and the Surety but shall be in addition to such other agreement unless expressly stated otherwise herein.

M. Amendment, Assignment. This Agreement may not be altered or amended except by a writing executed by the Indemnitors and the Surety. This Agreement and the Indemnitors' obligations hereunder may not be assigned without the prior written consent of the Surety.

N. Date of Agreement. The date of this Agreement shall be the earliest date that any Indemnitors executes this Agreement.

PLEASE NOTE: Indemnity is required of the entity AND all owners and spouses personally. (1) Provide the indemnity of the entity by dating and signing with authorized title below. (2) All owners and spouses must sign as personal indemnitors. Refer to the boxes at right for examples of proper indemnity by indemnitor type. BY SIGNING THIS INDEMNITY, INDEMNITORS ARE ACKNOWLEDGING THEY HAVE READ AND ARE AGREEING TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS ON PAGES ONE AND TWO OF THIS DOCUMENT.

(1) Dated: _____, _____, _____
(Month) (Day) (Year)

Company Name (Print): _____
(As listed on questionnaire)

Entity Type:	Proper Indemnity:
Sole Proprietor	John Doe, Owner
Partnership	Jane Doe, Partner
Corporation	John Doe, President
LLC	Jane Doe, Managing Member

Authorized Signature X _____ Title: _____
 (Printed) _____ Title: _____

(2)

Indemnitor Type:	Proper Indemnity:
Personal	John Doe, Indemnitor
Spouse	Jane Doe, Indemnitor

Indemnitors: Signature X _____ Indemnitors: Signature X _____
(Printed) Spouse: (Printed)

Indemnitors: Signature X _____ Indemnitors: Signature X _____
(Printed) Spouse: (Printed)

Indemnitors: Signature X _____ Indemnitors: Signature X _____
(Printed) Spouse: (Printed)

Indemnitors: Signature X _____ Indemnitors: Signature X _____
(Printed) Spouse: (Printed)

All business submitted on this Indemnity Agreement shall be reviewed and underwritten by Western Surety Company, P.O. Box 5077, Sioux Falls, SD 57117-5077

FREQUENTLY ASKED QUESTIONS

License and Permit Bonds

How long will it take to get a license or permit bond? In most instances within a few hours.

How will I get the bond? Most License and permit bonds are electronically sealed and can be emailed directly to you for your signature. If the entity requires a raised seal on the bond it can be sent overnight for an additional \$20.00, otherwise regular mail for free.

How much will the bond cost? The price depends on the amount of the bond and the entity type requesting it. Most of the bonds will cost around \$100.00. State license bonds generally are in the \$200 to \$300 range depending on State, your credit and type of license you are applying for.

Are license and permit bonds based on credit? 90% of these bonds do not require a credit check. Most State Contractor license bonds do require you to have a credit score of above 700. If your credit is below that minimum we are still able to get you the bond but they are just more expensive.

What information do you need. We just need to know the name of the entity requiring bond(City, Village, Town or State), the amount of the bond, your company name and address and type of contractor you are(Plumbing Contractor, Roofing Contractor, General Contractor, etc.). If the type of bond requires a credit check we will need the Social Security Number of at least one of the owners.