

SUBCONTRACTOR PAYMENT BOND
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Bond Type	<u>Subcontractor Payment Bond</u>
Surety Bond Form and Version Number	<u>2018 09-22 XBRL-CET Subcontractor Payment Bond</u>
Principal	<u></u>
Principal Email	<u></u>
Obligee	<u></u>
Obligee Email	<u></u>
Name of surety company	<u></u>
Surety NAIC Code	<u></u>
Bond Number	<u></u>
Bond Amount	<u></u>
Surety Email	<u></u>
Name of Electronic Surety Provider	<u></u>
Electronic Surety Provider Website for validating bonds	<u></u>
Electronic Surety Provider Bond Verification Number	<u></u>
Annual Surety Premium	<u></u>
Bond Effective Date	<u></u>
Contract Date	<u></u>
Contract Description	<u></u>
Legal Jurisdiction	<u></u>

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KNOW ALL MEN BY THESE PRESENTS, that **Principal** and **Surety** are held and firmly bound unto **Obligee** in the **Bond Amount** as the penal amount, lawful money of the United States of America for the payment of which amount **Principal** and **Surety** bind themselves, their successors, executors, administrators and assigns, jointly and severally firmly by these presents

WHEREAS, the said **Principal** has entered into a Subcontract as of the **Contract Date** for **Contract Description**.

WHEREAS, as a condition of said Subcontract, the **Principal** is required to file security to guarantee payment to all subcontractors, vendors and suppliers, also to include payment of any other obligations that arise under the subcontract that are the obligation of the **Principal**.

NOW, THEREFORE THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said **Principal** shall comply with the conditions of the Contract as referenced, then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, THAT THIS BOND IS EXECUTED BY THE PRINCIPAL AND SURETY AND ACCEPTED BY THE OBLIGEE SUBJECT TO THE FOLLOWING EXPRESS CONDITIONS:

- 1) This bond is effective as of the **Bond Effective Date** and shall be continuous without amendment until canceled or exonerated.
- 2) This bond is automatically cancelled, and **Surety** exonerated, when the obligations of the **Principal** under the Contract have been fulfilled, or the Contract terminated by mutual consent of **Obligee** and **Principal**.
- 3) That this bond may be cancelled by **Surety** by 60 days' prior notice in writing from **Surety** to **Principal** and to **Obligee** that the **Surety** elects not to renew this bond for any such additional period.
- 4) Any notice of cancellation must be delivered to **Obligee email** with receipt acknowledged by **Obligee**.
- 5) Such termination or cancellation shall not affect any liability incurred or accrued under this bond prior to the effective date of such termination or cancellation. It is understood and agreed that the **Obligee** may recover the full amount of the bond (less any previous amounts paid to **Obligee** under the bond) if **Surety** cancels or non-renews the bond and, within thirty (30) days prior to the effective date of cancellation or nonrenewal, **Obligee** has not received replacement financial security acceptable to it to replace the bond.

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- 6) The obligation of Surety shall arise when Principal is notified to cure a default to **Principal email**, with concurrent notice to **Surety email**, and does not cure the default within the timeframe required under the Contract.
- a) If there is no Obligees Default, the Surety's obligation under this Bond shall arise after:
- i) The Obligees has notified the Principal and the Surety that the Obligees is considering declaring a Principal Default and has requested and attempted to arrange a conference with the Principal and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Contract. If the Obligees, the Principal and the Surety agree, the Principal shall be allowed a reasonable time to perform the Contract, but such an agreement shall not waive the Obligees's right, if any, subsequently to declare a Principal Default, and
 - ii) The Obligees has declared a Principal Default and formally terminated the Principal's right to complete the Contract. Such Principal Default shall not be declared earlier than Thirty days (30) after the Principal and the Surety have received notice, and
 - iii) The Obligees has agreed to pay the Remaining Balance Due under the Contract to the Surety in accordance with the terms of the Contract or to an entity selected to perform the Contract in accordance with the terms of the Contract with the Obligees.
- 7) When the Obligees has satisfied the conditions of Paragraph 6, the Surety shall promptly and at the Surety's expense take one of the following actions:
- a) Arrange for the Principal, with consent of the Obligees, to perform and complete the Contract.
 - b) Undertake to perform and complete the Contract itself, through its agents or through independent entities.
 - c) Obtain bids or negotiated proposals from qualified entities acceptable to the Obligees for performance and completion of the Contract, arrange for a contract to be prepared for execution by the Obligees and the entity selected with the Obligees's concurrence, to be secured with a replacement financial security or Bond executed by a qualified surety equivalent to the bonds issued on the Contract, and pay to the Obligees the difference between the replacement contract amount and the Remaining Balance Due under the Contract.
 - d) Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:
 - i) After investigation determine the amount for which it may be liable to the Obligees and, as soon as practicable after the amount is determined tender payment therefor to the Obligees, or
 - ii) Deny liability in whole or in part and notify the Obligees citing reasons therefor.
- 8) If the Surety does not proceed as provided in Paragraph 7 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Obligees to the Surety demanding that the Surety perform its obligations under this Bond, and the Obligees shall be entitled to enforce any remedy available to the Obligees. If the Surety proceeds as provided in Subparagraph 7di, and the Obligees refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Obligees shall be entitled to enforce any remedy available to the Obligees.

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- 9) After the Obligee has terminated the Principal's right to complete the Contract, and if the Surety elects to act under Subparagraph 7a, 7b or 7c above, then the responsibilities of the Surety to the Obligee shall not be greater than those of the Principal under the Contract, and the responsibilities of the Obligee to the Surety shall not be greater than those of the Obligee under the Contract
- 10) The Surety shall not be liable to the Obligee or others for obligations of the Principal that are unrelated to the Contract, and the Remaining Balance Due under the Contract shall not be reduced or offset on account of any such unrelated obligations.
- 11) No right of action shall accrue under this bond to or for the use or benefit of anyone other than the named Obligee or its successors or assigns.
- 12) No assignment by the Principal shall be effective without the written consent of the surety.
- 13) All suits or actions on this bond must be brought within Ninety (90) days of the termination of the Contract or Bond, whichever shall occur first.
- 14) If any conflict or inconsistency exists between the Surety's obligations as described in the Bond and as described in the underlying Contract, then the terms of the Bond shall prevail.
- 15) The Surety's liability under this bond shall not extend in any manner nor will the Surety be responsible to pay any sums due related to hazardous waste cleanup, wetlands mitigation, remediation actions or removal or responsibility for any of these pollution risks whatsoever or for tort liability.
- 16) No modification of the Contract guaranteed by this bond shall be binding on the Surety or covered by this bond without the written consent of the Surety.
- 17) Regardless of the number of years this bond is in force, Surety shall not be liable hereunder for a larger amount, in the aggregate, than the Maximum Amount listed above.
- 18) This Bond shall be governed by and construed in accordance with the referenced [Legal Jurisdiction](#)

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Electronic Surety Bond – Data Exchange Data Element Information

Because this bond is for executing electronically there is no manual wet signature block, notaries or power of attorney Signatures are executed and verified online.

There is only one original executed surety bond located at the secure repository identified as the Electronic Surety Provider.

Copies of the digital data elements, or imaged bond forms, will be stored in multiple locations, and regardless of how many copies there is only one original executed surety bond.

These forms are provided as a free sample format and users should consult their legal counsel prior to use. No legal representation is provided with these forms

Bond Type

There are multiple bond forms that cover a range of coverages.

This data field is used to identify the specific bond obligation the surety is covering by identifying the Bond Form by name.

Only bond forms that utilize the XBRL taxonomy for data interoperability can be exchanged electronically.

Surety Bond Form and Version Number

The data fields of the bond form are listed to capture the variable bond specific data elements, and by reference are incorporated into the body and text of the Bond Form which define the obligations under the bond.

Bond form text is subject to change, and by incorporating the Surety Bond Form and Version Number all stakeholders will know what bond form text applies to the bonded obligation.

This allows the key data elements to be administered and exchanged in XBRL without the need to exchange the entire text of the bond form.

Principal

The Principal is the specific entity that is required to post the surety bond as a financial guaranty on a specific contract to cover the obligations of that entity.

The Principal is the entity “principally responsible” to carry out the obligation that is covered by the bond.

The Principal is the named party to the contract that requires the bond.

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Principal Email

This email should be the formal notification email address for the Principal, or its parent company. This will be the email that used to formally notify of a potential default so it should be a company email address to the CFO or similar corporate department.

Only if there is no notification entity based formal email established for entity communications should an individual email address be used.

Obligee

The Obligee is the specific entity that is looking to be protected against the default of the principal on a specific contract.

The Obligee is the entity the Principal and Surety are obligated to protect.

The Obligee is the named party to the contract that is requiring the bond and the beneficiary of the bond protection.

Obligee Email

This email should be the formal notification email address for the Obligee for any contract related communication. This will be the email that used to formally notify Obligee of any activity related to the surety bond so it should be a company email address to the CFO or similar corporate department.

Only if there is no notification entity based formal email established for entity communications should an individual email address be used.

Name of surety company

The Surety is the specific entity that provides the surety bond as a financial guaranty on a specific contract to cover the obligations of the Principal.

The Surety is the entity that stands behind the obligations of the Principal, and ultimately responsible to carry out the Principal's obligation that is covered by the bond.

The surety bond backs the Principal on a contract, and by extension assumes the obligations of the contract as it pertains to the Principal only in the case of a default.

A surety bond never stands alone, but requires an underlying contract.

The Surety is not a named party to the contract that requires the bond.

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Surety NAIC Code

To enable greater efficiency in the digital administration of the surety bond, and to enable reliable data interoperability, the surety company is identified by their unique and specific National Association of Insurance Commissioners (NAIC) number assigned to the insurance company and/or group.

National Association of Insurance Commissioners [Website](#)

Surety companies must be registered on the [US Department of the Treasury's Listing of Approved Sureties](#) (Department Circular 570) referred to as the T-List. The T-List utilizes the NAIC number to identify surety companies.

By using the NAIC number instead of the multiple names of insurance companies the accuracy for identifying the surety company is improved, digitally administering the surety information is enabled, as is the ability to monitor and manage surety companies as part of a portfolio management.

Bond Number

The bond number assigned by the surety company for the specific bond being issued.

Bond Amount

The penal amount of the surety bond.

Note: The penal amount of the bond may be different than the contract amount. Refer to the Contract to determine the amount of the bond required.

Surety Email

This email should be the formal notification email address for the Surety for any contract related communication.

This will be the email that used by the Obligee to formally notify of any activity related to the surety bond.

It should be a company address to the Surety Claims Department, or similar corporate department.

Only if there is no Surety notification based formal email established for entity communications should an individual email address be used.

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Name of Electronic Surety Provider

Various companies provide electronic surety bond services, so the name of the specific Electronic Surety Bond Provider should be identified and entered.

See [Surety Automation eBidding / eBonding Database](#)

Each electronic surety bond provider has a secure repository that maintains the information on all bonds it executes, can validate that bonds are properly issued and in force, and can provide the relevant data for each bond it has executed.

The data elements contained in the XBRL-CET bond forms are consistent regardless of what system provider is used.

The consistent use of standardized data elements enables accuracy for identifying the specific surety bond and digitally administering the surety information, as is the ability to monitor and manage surety bonds as part of a portfolio management.

Electronic Surety Provider Website for validating bonds

The web address for inquiring about a specific bond that is in the electronic surety provider secure repository.

Electronic Surety Provider Bond Verification Number

Bonds executed by electronic surety providers are issued a Bond Verification Number that is unique to a specific bond in the secure repository.

Annual Surety Premium

The amount of annual premium charged for the surety bond.

Bond Effective Date

The effective Date of the Bond.

Note: To ensure the most efficient administration of the XBRL-CET bond forms there is no end date, nor requirement for renewals to have specific actions and/or paperwork filed. They are all continuous until canceled, or automatically cancel when the obligation is complete.

Contract Date

The Date of the Contract being bonded.

Contract Description

The description of the Contract being bonded.

Enter the complete description from the Contract exactly as it appears in the Contract.

Legal Jurisdiction

Enter the legal jurisdiction from the Contract.