Finance Guide VI: Explanation and Sample Forms for Bid Bonds and Consent of Surety
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>About this Study Guide</td>
<td>1</td>
</tr>
<tr>
<td>Explanation of Different Bonds</td>
<td>2</td>
</tr>
<tr>
<td>Bid Bond</td>
<td>3</td>
</tr>
<tr>
<td>Certificate of Surety</td>
<td>4</td>
</tr>
</tbody>
</table>
About this Study Guide

This guide is intended to supplement your individualized Skillsoft learning by providing materials and examples specific to the vertical transport industry.

The learning objective of this guide is for the student to become familiar with what bid and surety bonds are and when they are required.

Information included in this study guide is intended for educational purposes only. Check with your company for specific guidelines.
Bid Bonds/Consent of Surety are not always required. They are generally required in public jobs whose total value is over a certain dollar threshold. Bid bonds oblige the bidder to enter into a contract if they are the successful bidder. If the bidder fails to enter into the contract, they will forfeit the stated sum. Bid Bonds can range from 5-20% of the stated price of a job and guarantee that the bidder (the elevator company) will enter into a contract if they are determined to be the successful bidder. They must be submitted with a bid.

The Consent of Surety is the obligation of the surety or guarantor that they will provide whatever bonds are required of the successful bidder, if the bidder is awarded the job. Typically these bonds will be “Performance Bonds” and a “Labor and Material Bond.” Bid Bond/Consent of Surety states that the surety or guarantor will pay up to 100% of the contract value in the event of non-performance by the bidder. Cost of the bid bond may be rolled into the cost of a performance bond. Performance bond rates typically range from 1% to 6% of contract price based upon the credit worthiness of the bidder. Blank examples of each bond are in the following sections.
Bid Bond

Following is a sample Bid Bond.

BOND NO. _______________________

KNOW ALL MEN BY THESE PRESENTS, that we ____________________________________________, Hereinafter called the Principal, as Principal, and _______________________a corporation duly organized under the law as of the State of _____________________________ and licensed or authorized to do business in (insert state), hereinafter called the Surety, and held and firmly bound unto ___________________, hereinafter called the Obligee, in the sum of ________________________ Dollars ($___________________), for the payment of which sum well and truly to be made, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, The Principal has submitted a bid for

---------------------------------------------------------------------------------------------
---------------------------------------------------------------------------------------------

NOW, THEREFORE, if the Obligee shall accept the Bid of the Principal and the Principal shall enter into a Contract with the Obligee in accordance with the terms of such bid and the Contract good and sufficient surety for the Documents; and give such bond or bonds as may be specified in the Contract Documents with good and sufficient surety for the faithful performance of such Contract, for the prompt payment of labor and material furnished in the prosecution thereof and for the environmental maintenance requirements thereof; and deliver evidence of insurance and such other documents as are required by the Contract Documents as conditions precedent to the Owner’s execution of the Contract, all within the times required in the Contract Documents, then this obligation shall be null and void, otherwise to remain in full force and effect.

SIGNED AND SEALED this _______day of ______________ A.D. 201 ______.

In the presence of:

____________________________________________(Seal)
PRINCIPAL

_______________________________
WITNESS

____________________________________________(Seal)
SURETY

_______________________________(Seal)
WITNESS

_______________________________
TITe
Certificate of Surety

Following is a sample Certificate of Surety.

WHEREAS the contractor named below has requested the undersigned Surety Company provided the bonds required by the contract.

    WHEREAS the undersigned Surety Company, authorized to do business (insert state), desires to provide a statement as required by the (insert state), that it will provide said bonds in the forms and amounts required;

    NOW, THEREFORE, in consideration of the premises and One Dollar ($1.00), lawful money of the United States to it in hand paid by the said Contractor, the receipt whereof is hereby acknowledged, the undersigned Surety Company hereby certifies and agrees that if the contract; be awarded to the Contractor named below;

    It will become bound as surety and guarantor, in a penal sum equal to 100% of the Contractor’s accepted bid for Contract for the faithful performance of said Contract according to its terms and conditions and for the payment of all lawful claims of subcontractors, material men, laborers, persons, firms or corporations for labor performed or materials, provisions, provender of other supplies or teams, fuels, oils, implements or machinery furnished, used or consumed in the carrying forward, performing or completing of said Contract, such guarantee to remain in effect through the end of the period within which such claims must be ascertained under the (insert state); and

    It will bind as surety and guarantor, in a penal sum equal to 100% OF THE Contract Price for Contract, for the faithful performance of the work required under the Article of The Contract entitled “Maintenance Period”. Said bond to remain in effect through the end of the Maintenance Period; and

    The undersigned surety agrees to execute the said bonds as surety and will deliver them to the Owner under said Contract as Obligee, upon the demand of said Owner.

Name and Address of Principal (Contractor):

____________________________________________________________________________________

IN WITNESS OF WHEREOF said Surety Company has caused these presents to be signed and attested by its duty authorized representatives and its corporate seal to be hereto affixed this ______day of________, 201__.

Attest:                     Surety Company

By: __________________________________________

Address: _________________________________

Phone: ________________________________

Note: A corporate acknowledgement of the Surety Company and evidence of the authority of the signer is to be attached hereto by the Surety Company. In addition, surety must be a (insert state) corporation or authorized business in (insert state).