

Bond Definitions

- **Surety Bonds** – three party agreements in which the issuer of the bond (the surety) joins with the second party (the principal/contractor) in guaranteeing to the third party (the obligee) the fulfillment of an obligation on the part of the principal
- **Bid Bonds** – provides financial assurance that the bid has been submitted in good faith. A bid bond assures that the contractor will enter into the contract at the bid price. It also, assures that the contractor will be able to obtain the required performance/payment bonds
- **Performance Bonds** – Guarantees the contractor will complete the project per the terms of the contract
- **Labor & Material Payment Bonds** – assures that the suppliers, laborers, and subcontractors will be paid if the contractor defaults
- **Maintenance Bonds** – guarantees defective workmanship and materials for a stated period of time
- **Subdivision Bonds**– local authorities require a guarantee that the landowner completes mandatory public improvements that builders & developer make to their property
- **Court bonds** – also known as fiduciary bonds; guarantee the performance of fiduciary services in compliance with a court order (e.g. Guardianship Bond, Executor Bond, etc.)
- **License and Permit Bonds** – required by State and local officials (to engage by a certain business)
- **Site Improvement Bonds** – Required to ensure public property will be restored upon the completion of a private project
- **Supply Bonds** – secure payments to suppliers