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Contractor's Bond Kit

Thank you for allowing The Surety Group to consider your account for bonding. Following is a list of items needed to get you set up for bid, payment and performance bonds. Please be sure to complete all forms to the best of your ability and to provide us with as much information as possible. Do not hesitate to contact us with any questions or concerns. We look forward to finding solutions to all of your future bonding needs.

Financial Statements

Please provide copies of the company's CPA prepared fiscal year-end financial statements for the last three years.

- The statements must be prepared by a Certified Public Accountant (CPA) and prepared using the percentage of completion method of accounting
- If your company is new or has recently incorporated, please have your CPA prepare an opening statement
- If your statement is more than six months old, please include an interim statement not more than 90 days old

Forms to Complete

	<u>Form Name</u>	<u>Form Number</u>
Contractor's Questionnaire		1
Personal Financial Statement		2
• <i>All owners, stockholders or members must provide a personal financial statement</i>		
Resume		3
• <i>All owners, stockholders and key personnel must provide a resume</i>		
Business Plan		4
Indemnity Agreement Information		5
Bank Reference Letter		6
• <i>Please have your bank representative complete this form to provide evidence of borrowing capacity and/or lines of credit</i>		
Previous Jobs Reference Letter		7
• <i>Please have a representative from your three largest projects complete this form describing the project, contract amount and management.</i>		
Supplier Reference Letter		8
• <i>Please have a representative from three different suppliers complete this form describing high credit, history, pay terms and credit rating.</i>		
Job Cost Breakdown		9
• <i>Must be included with ALL bond requests</i>		
Bid Bond Request		10
• <i>Please submit this form only if you are in need of a Bid Bond</i>		
Payment and Performance Bond Request		11
• <i>Please submit this form only if you have been awarded a project and are in need of a payment and performance bond</i>		
Work on Hand		12
• <i>Please provide us with a breakdown of all current projects—bonded and unbounded. List only projects of \$50,000 or more and do not include completed projects</i>		

The Surety Group Agency, LLC

1900 Emery ST NW, Ste 120 • Atlanta, GA 30318 • ph: 800.486.8211 • 404.352.8211 • fax: 404.351.3237

Tax Returns

- Please provide us with a copy of your corporate tax returns for the last three years. If you have filed an extension for this year, please provide us with a copy of the extension.
- Please provide us with personal tax returns for the last three years for all owners or stockholders for the last three years. If you have filed an extension for this year, please provide us with a copy of the extension.

Current Certificate of Insurance

- Please provide a certificate of commercial coverage.

As sufficient time is needed to carefully consider all aspects of your submission, the more information you can provide for us, the sooner a decision can be made. Please be sure to pay close attention to all forms, as incomplete or incorrect forms will result in underwriting delays.

We look forward to working with you to find solutions to all of your bonding needs. Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Kelly McLeod

Kelly McLeod
Contract Bonds Manager
Kelly@suretygroup.com



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CONTRACTOR'S QUESTIONNAIRE

Contractor's Trade Name: _____ Employer ID#: _____

Business Address: _____

Phone: _____ Fax: _____ Cell: _____

E-mail: _____ Website: _____

Ownership: Sole Proprietorship Partnership Corporation LLC S Corporation

Year Business Started: _____ Year & State of Incorporation (if applicable): _____

Is there a Buy/Sell Agreement Among the Owners? Yes No

Company Specialty: _____

Affiliated Companies: _____

Percentage of work you usually do: _____ % Percentage of work subcontracted: _____ %

List All Owners

Name, Home Address, City, State Zip	Title	% of Ownership	Spouse's Name

List 5 Largest Completed Jobs

Obligee Address, City, State	Contact/ Phone #	Contract Amount	If Bonded, With Whom	Project Name	Date Completed

List Three Prime Suppliers

Supplier Name/Contact	Address, City, State, Zip	Phone/Fax/Email
1. (Contact Name)		(P)
		(F)
		(E)
2. (Contact Name)		(P)
		(F)
		(E)
3. (Contact Name)		(P)
		(F)
		(E)

Has your company ever been bonded? Yes No If yes, With Whom? _____

Reason for changing Surety Company? _____

Has your company ever been declined for bonding? Yes No

What was your largest bonded job? \$ _____ Largest work program (bonded and unbonded) \$ _____

Has your company had any disputes or ever failed to complete a job on schedule? Yes No

Has your company or any of its principles ever petitioned for bankruptcy, failed in business or defaulted so as to cause loss to a surety? Yes No

Is there litigation, lawsuits, or claims pending on completed work? Yes No

Have any owners/stockholders/members/partners ever had an arrest, indictment, imprisonment or conviction? Yes No

If you answered yes to any of the above listed questions please attach a detailed explanation.

FINANCIAL DATA

Date of Fiscal Year End: _____

On what basis are financial statements prepared?

Cash Accrual Percentage of Completion Complete Contract

Classification of year-end financial statement: CPA Audit Review Compilation

How often are financial statements prepared? Annually Semi-Annually Quarterly

Please provide the name, address and phone number of your accountant:

BANKING DATA

Bank Name: _____ Contact: _____

Address: _____

Phone: _____ Fax: _____

Do you have an established Line of Credit: Yes No Amount: \$ _____

How much is currently available? \$ _____ Expiration Date: _____

The Line is: Unsecured or Secured Type of Security: _____

INSURANCE DATA

General Liability Insurance Carrier: _____

Hazardous Liability Insurance Carrier (if applicable): _____

Workers Compensation Insurance Carrier: _____

This application consists of this instrument, the financial statement, and an indemnity, security, and trust agreement signed by the applicant with regard to the bond or bonds requested, such financial statement and agreements incorporated herein by reference.

The undersigned, and each of us authorized the Surety to obtain credit information and to make such other investigation, as it deems necessary to underwrite this application. The undersigned, and each of us further represent that the information contained in this application and all documents referred to herein is true and that such information is being submitted for the purpose of indicating Surety to issue bond(s) and that Surety is relying upon such information as a condition to the issuance of such bond(s).

In addition to the information contained in this application as well as the terms and conditions thereof, applicant acknowledges that he has been advised that the surety may, as additional collateral, require insurance on the principal or key employees with surety named as beneficiary. In case of death said collateral shall be used to indemnify surety against loss or expense. If said collateral shall be required, applicant agrees to provide same at issuance of bond or if unable to so provide, applicant agrees that surety may secure same at applicant's expense.

In the event that a bond or bonds are issued, the undersigned and all indemnitors of the undersigned, if any, agrees to pay or cause to be paid the premium at the rate charged therefore, and any additional charge for contract increases, if any, that may be due to Surety.

Firm Name

X

Signature of Owner/Stockholder/Member/Partner

X

Signature of Owner/Stockholder/Member/Partner



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PERSONAL FINANCIAL STATEMENT

Complete this form for (1) each proprietor, or (2) each limited partner who owns 5% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name: _____ Residence Phone: _____

Residence Address: _____
 Street City State Zip

Business Name: _____ Business Phone: _____

ASSETS	Omit Cents	LIABILITIES	Omit Cents
Cash on hand & in banks	\$	Accounts Payable	\$
Savings Accounts	\$	Notes Payable to Banks and Others (Describe in Section 2)	\$
IRA or Other Retirement Account	\$	Installment Account (Auto)	\$
Accounts & Notes Receivable	\$	Monthly Payments (Auto)	\$
Life Insurance-Cash Surrender Value Only (Complete Section 8)	\$	Installment Account (Other)	\$
Stocks and Bonds (Describe in Section 3)	\$	Monthly Payments (Other)	\$
Real Estate (Describe in Section 4)	\$	Loan on Life Insurance	\$
Automobile-Present Value	\$	Mortgages on Real Estate (Describe in Section 4)	\$
Other Personal Property (Describe in Section 5)	\$	Unpaid Taxes (Describe in Section 6)	\$
Other Assets (Describe in Section 5)	\$	Other Liabilities (Describe in Section 7)	\$
		Total Liabilities	\$
		Net Worth	\$
Total	\$	Total	\$

SECTION 1

Source of Income		Contingent Liabilities	
Salary	\$	As Endorser or Co-Maker	\$
Net Investment Income	\$	Legal Claims & Judgments	\$
Real Estate Income	\$	Provision for Federal Income Tax	\$
Other Income (Describe Below)	\$	Other Special Debt	\$
Description of Other Income in Section 1			
Alimony or child support payments need not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.			

SECTION 2**Notes Payable to Banks and Others** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Name/Address of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral

SECTION 3**Stocks and Bonds** (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

SECTION 4

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

SECTION 5

Other Personal Property and Other Assets (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency.)

SECTION 6**Unpaid Taxes** (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

SECTION 7

Other Liabilities (Describe in detail)

SECTION 8

Life Insurance Held (Give face amount and cash surrender value of policies—name of insurance company and beneficiaries)

I authorize The Surety Group, Inc. to make inquiries as necessary to verify the accuracy of the statements made to determine my creditworthiness. I certify the above and the statements contained in the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of obtaining a surety bond. I understand FALSE statements may result in forfeiture of benefits and possible prosecution.

Signature: _____ Date: _____

Signature: _____ Date: _____



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RESUME OF EXPERIENCE

Name: _____ Phone: _____
Name of Firm: _____ Position: _____
Home Address: _____

PERSONAL DATA

Date of Birth: _____ Social Security #: _____
Driver's License #: _____ Marital Status: _____

EDUCATION

Did you graduate from High School? [] Yes [] No
College Attended: _____ Dates Attended: _____
Special Education relating to Construction and/or your type of profession: _____

EXPERIENCE

Starting Date: _____ Starting Position: _____
Present Position & Responsibilities: _____

Percentage of Ownership: _____

Business and professional experience relating to construction and/or your type of profession:
Company Name: _____ Dates of Employment: _____
Job Title: _____
Duties/ Responsibilities: _____

Company Name: _____ Dates of Employment: _____
Job Title: _____
Duties/ Responsibilities: _____

Company Name: _____ Dates of Employment: _____
Job Title: _____
Duties/ Responsibilities: _____

PERSONAL REFERENCES

Table with 4 columns: Name, Address, Phone, Relationship. Three rows of reference information.



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BUSINESS PLAN

Name of Business: _____

Address of business: _____

Year business started: _____ If Corporation, when did it incorporate? _____

Financial Year End? _____

Number of Employees when you began _____ Now? _____

Name & Position of relatives who work for this business: _____

Sales Volume first year in business: \$ _____ Sales for latest year: \$ _____

What exactly does your business do? _____

In the Even of death or injury, who would run your business?

Do you have life insurance? Yes No How much? _____

Is your life insurance to be paid to the business? Yes No

Do you have enough to cover all your outstanding work on hand? Yes No

How much life insurance for your family? _____

Give a description of management experience and continuity provisions you have for your business.

What will happen to your business when you retire?

Outline your business goals for the next 12 months.



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INDEMNITY AGREEMENT INFORMATION

COMPANY INFORMATION

Legal Name of Company: _____
 Complete Address: _____
 Federal ID#: _____

If Corporation:

Legal Name of President: _____
 Legal Name of Corporate Secretary: _____

If LLC:

Legal Name of Managing Member: _____

If Partnership:

Legal Name of Both Partners: _____
 Legal Name of Both Partners: _____

OWNER'S INFORMATION

Legal Name of Owner: _____ Percent of Ownership: _____%
 Legal Name of Owner's Spouse: _____
 Home Address: _____
 Owner's Social Security _____ Spouse's Social Security: _____

Legal Name of Owner: _____ Percent of Ownership: _____%
 Legal Name of Owner's Spouse: _____
 Home Address: _____
 Owner's Social Security _____ Spouse's Social Security: _____

Legal Name of Owner: _____ Percent of Ownership: _____%
 Legal Name of Owner's Spouse: _____
 Home Address: _____
 Owner's Social Security _____ Spouse's Social Security: _____

Legal Name of Owner: _____ Percent of Ownership: _____%
 Legal Name of Owner's Spouse: _____
 Home Address: _____
 Owner's Social Security _____ Spouse's Social Security: _____

****PLEASE MAKE EXTRA COPIES IF YOU NEED MORE SPACE****



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BANK REFERENCE REPORT

This form is to be completed by an authorized representative of the bank; the signature must be notarized.

Principal Name (Company): _____

Address of Principal: _____
Street City State Zip

Bank Name: _____

Address of Bank: _____
Street City State Zip

Name & Title of Authorized Bank Representative: _____

Bank Phone: _____ Bank Fax: _____

DISCLOSURES ABOUT THE BANK'S RELATIONSHIP WITH THE ABOVE NAMED PRINCIPAL

Opening Date of Operating Account(s): _____

Current Year's Average Balance(s): \$ _____ Past year's Average Balance(s): \$ _____

Savings Accounts? Yes No Present Balance of Savings Account(s): \$ _____

Line of Credit Established? Yes No Date Line of Credit Opened: _____

Secured: Yes No Collateral? _____

Amount (Maximum High Credit) \$ _____ Present Balance (In Use): \$ _____

Expiration Date: _____

Present Total Balance of Installment Loans Outstanding? \$ _____

Total Paid Per Month: \$ _____ Maximum Term of Indebtedness: _____

Secured? Yes No Collateral? _____

Is Principal Co-Endorser for Others? Yes No

If yes, for Whom? _____ Amount: \$ _____

Does bank know of any contingent liabilities facing Principal? _____

Any liens filed, judgments, suites or claims pending? _____

Does bank have current financial information about Principal? _____

Does bank have knowledge of Principal's key personnel? _____

Bank's opinion of Principal: _____

I hereby certify that all the information presented herein is complete and accurate to the best of my knowledge.

Signature of Authorized Bank Representative: _____ Date: _____

State of _____ County of _____

This is to certify that _____, having the position of _____ and as an authorized representative of _____; has made above disclosures about the bank's relationship with the above named principal.

Notary's signature: _____ Date: _____

Commission Ending Date: _____ (Seal)



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LETTER OF REFERENCE

Contractor Name: _____

Address: _____

Phone: _____

Fax: _____

E-mail: _____

Contact Name: _____

To Whom It May Concern:

The above applicant has applied to us for a surety bond and has given your name as a reference. Please provide us the benefit of your experience by completing the following letter of reference regarding previous work the contractor has performed. Please be assured that your comments will be held in confidence.

Upon completion of this form, please return to Kelly McLeod at The Surety Group Agency, LLC via mail, fax or e-mail (Kelly@suretygroup.com). Should you have any questions or concerns, please do not hesitate to contact our agency. Thank you for your assistance in this matter.

Largest Project Completed: \$ _____

Type of Work: _____

Location: _____

Project Start Date: _____ Project End Date: _____

Quality of Workmanship: _____

Cooperation: _____

Was Work Completed on Time? Yes NoWould You Work With This Firm Again? Yes NoAny Problems: Yes No

Additional Comments: _____

Obligee Name: _____

Address: _____

Phone: _____

Fax: _____

E-mail: _____

Contact Name: _____

Date: _____

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SUPPLIER LETTER OF REFERENCE

Contractor Name: _____

Address: _____

Phone: _____

Fax: _____

E-mail: _____

Contact Name: _____

To Whom It May Concern:

The above applicant has applied to us for a surety bond and has given your name as a reference. We would appreciate your replies to the questions asked, assuring you that such information will be considered strictly confidential and you will not in any way be held responsible therefore.

Upon completion of this form, please return to Kelly McLeod (Kelly@suretygroup.com) at The Surety Group Agency, LLC via mail, fax or e-mail. Should you have any questions or concerns, please do not hesitate to contact our agency. Thank you for your assistance in this matter.

1. How long have you done business with the applicant? _____
2. What is the longest credit extended? _____
3. What is the present outstanding balance? _____
4. Are there any past due amounts? _____
5. Does the applicant have an open credit line with you? _____
6. Is the credit line secured? _____
7. How does the applicant pay? _____
8. Have you ever limited the applicant's purchases? _____
If so, please explain. _____
9. Do you know of any claims of suits now pending against the applicant? _____

Comments: _____

Supplier Name: _____

Address: _____

Phone: _____

Fax: _____

E-mail: _____

Contact Name: _____



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JOB COST BREAKDOWN

Company Name: _____

Project: _____

Income and Expenses

Income

Contract Revenue \$ _____ 100%

Expenses

Contractor's Labor \$ _____ %

Materials/Supplier \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

Total from Attached Sheets \$ _____ %

Sub Contractor Labor \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

_____ \$ _____ %

Total from Attached Sheets \$ _____ %

Overhead \$ _____ %

Total Expenses \$ _____

Profit \$ _____

Are there any liquidated damages associated with this project? Yes No

If yes, how much? \$_____ Daily Weekly Monthly

Anticipated Start Date: _____ Anticipated Completion Date: _____



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BID BOND REQUEST FORM

Please be sure to include the following information with your request:

- Invitation to Bid/Solicitation** (including scope of work, bond requirements, time to complete, liquidated damages)
 Current work on hand
 Job Cost Breakdown

Principal: _____ Date: _____

Bid Date: _____ Time: _____

Obligee: _____

Obligee's Complete Address: _____

Complete Job Description: _____

Project Location (including Street, City, County, State, Zip) : _____

Estimated Contract Amount: \$ _____ Invitation #: _____

Bid % of Bid Guarantee Amount: _____ %

Time to Complete: _____ Liquidated Damages: \$ _____

Percentage Subbed: _____ Trade Subbed: _____

Maintenance Period: _____ Uncompleted Work on Hand: \$ _____

Performance Bond Requirement: _____ % Payment Bond: _____ %

Amount of P/P if different from contract price: _____

Does Obligee have their own bid bond form? Yes No **If yes, please provide forms.**

Does Obligee have special requirements pertaining to surety company, (i.e., Best Rating, T-listing, etc.)? _____

I have carefully reviewed my bid specifications and bond requirements and the above information is correct. I will also provide the bid results by name of bidder and their amount immediately after bid.

Principal _____

Mode of Delivery: Mail Pick Up Federal Express UPS Other

Account # for Federal Express/UPS/Other Service: _____



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PAYMENT & PERFORMANCE BOND REQUEST FORM

Please include the following information with your bond request:

- Copy of Contract, Bond Forms, Job Cost Breakdown, Brief Synopsis of Project, Bid Results, Current work on hand, financial statement, certificate of insurance

Principal:
Obligee:
Obligee Address:

Complete Job Description:

Has your firm done this type of work before? Yes No
If yes, please provide brief overview of previous work to include obligee contact information

Project Location (including address):

Contract Amount: \$ Bond amount: \$
Time to Complete: Liquidated Damages: \$ per calendar day
Was this project bid or negotiated? Bid (if bid please provide bid results) Negotiated

Percentage Subbed: %
Are you using any subcontractors that you have not previously used? Yes No
If yes, please provide names, contact information, trade being subbed and amount subbed.
Subcontractor references checked? Yes No
Are your subcontractors bondable? Yes No

Does the obligee have their own bond form? Yes No (if yes, please provide)
Does the obligee require multiple copies of the bond? Yes No How Many?
Does the obligee have special requirements pertaining to surety company (i.e., Best Rating, T-Listing, etc.)?

I have carefully reviewed my bond requirements and all of the above listed information is correct.

X Principal Signature Title Date:

Mode of Delivery: Mail Pick Up Federal Express UPS Other
Account # for FedEx/UPS/ Other Service:



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Work on Hand

NAME OF CONTRACTOR: _____ DATE (As Of): _____

OBLIGEE /CONTACT/PHONE		STARTING DATE	COMPLETION DATE	Bonded	Unbonded	CONTRACT PRICE (Including Approved Change Orders)	CONTRACTOR'S COST (Including Cost of Approved Change Orders)	TOTAL BILLED TO DATE (Including Realized (Explain any disputes here))	TOTAL COST TO DATE	TOTAL REVISED ESTIMATED COST TO COMPLETE
OBLIGEE:				<input type="checkbox"/>	<input type="checkbox"/>					
Contact:	Phone:									
Project:										
OBLIGEE:				<input type="checkbox"/>	<input type="checkbox"/>					
Contact:	Phone:									
Project:										
OBLIGEE:				<input type="checkbox"/>	<input type="checkbox"/>					
Contact:	Phone:									
Project:										
OBLIGEE:				<input type="checkbox"/>	<input type="checkbox"/>					
Contact:	Phone:									
Project:										
OBLIGEE:				<input type="checkbox"/>	<input type="checkbox"/>					
Contact:	Phone:									
Project:										

TOTALS										
--------	--	--	--	--	--	--	--	--	--	--

Total uncompleted work	SIGNATURE
Total uncompleted work by sub-contractors	
Bonded:	REMARKS
Unbonded	



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Directions for Completing Your Work on Hand

A work on hand is simply a chart outlining all projects currently in progress. Your work on hand will be used in evaluating your bonding capacity and all bond requests. As such, it is important that we have an accurate description of all projects on hand. As a general rule, we require an updated work on hand quarterly.

1. Write your company name and the date at the top of the chart where indicated.
2. In the left hand column, provide us with a brief description of the project: Obligee (owner), Contact Person, Contact Phone Number, and Project Name.
3. In the next two columns, provide the start date and anticipated completion date. Please do not include any projects that are complete.
4. Please indicate whether the project was bonded or not by checking the appropriate box.
5. In the column labeled “**CONTRACT PRICE**,” enter the amount of the contract. This total should also include any change orders to the project. Please list only projects of \$50,000 or more.
6. In the column labeled “**CONTRACTOR’S COST**,” enter the amount it will cost you to complete the project (contract amount – profit).
7. In the column labeled “**TOTAL BILLED TO DATE**,” enter the total amount you have billed to date.
8. In the column labeled “**TOTAL COST TO DATE**,” enter the total amount it has cost you to do the project to date. This should not include any profit.
9. In the column labeled “**TOTAL REVISED COST TO COMPLETE**,” enter the total amount it will cost you to complete the project. Generally you can use the following equation to reach the total:
10. $\text{CONTRACTORS COST} - \text{TOTAL COST TO DATE} = \text{TOTAL REVISED COST TO COMPLETE}$
11. After you have completed entering all projects, total each column and record it in the bottom “**TOTALS**” fields.
12. In the bottom left section, record all totals:

Total Uncompleted Work—This amount can be figured by adding all amounts listed in the “TOTAL REVISED COST TO COMPLETE” column.

Total Uncompleted Work By Sub Contractors—Please enter the amount of your uncompleted work that will be done by subcontractors.

Bonded & UnBonded—These amounts can be figured by adding the “TOTAL REVISED COST TO COMPLETE” fields for the bonded projects and then the unbonded projects.

13. After all totals have been entered, review and sign in the bottom right section.



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Express Mail Agreement

Dear Contractor,

As time is often an issue when you need a bond, it is imperative that we have an approved method of express mail to use on your behalf. Please choose one of the following methods:

Please use my express mail account. Please note your express mail account will only be used when necessary to expedite service (i.e., to send bonds overnight or to ship your file to new sureties when applicable).

Carrier: UPS FedEx

Account#: _____

Account#: _____

I would like to use The Surety Group's Express Mail Service and have included an additional \$35 in my premium.

Please do not use any express mail service with my account.

Thank you for taking the time to complete this form. Should you have any questions or concerns regarding this matter, please do not hesitate to contact me.

Sincerely,

Kelly McLeod

Contract Bonds Agent

Company Name: _____

Authorized Signature: _____

Printed Name & Title: _____



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Frequently Asked Questions

- 1. What is a surety bond?**

A surety bond is a three party agreement between the principal (the contractors), the obligee (municipality or owner) and the surety, which guarantees the principal will complete a project as specified in the contract documents.

- 2. How do I know if I need a surety bond?**

Check your contract. The contract documents will usually state whether or not you will need to obtain a surety bond. When in doubt, check with the obligee.

- 3. What is the difference between a payment bond and a performance bond?**

Usually a payment bond and a performance bond will be issued together. A payment bond guarantees that the contractor will pay specified suppliers and subcontractors for work performed on a project. A performance bond guarantees the principal will perform all work specified within the scope of project.

- 4. What is a bid bond?**

A bid bond guarantees to the obligee that the bid will be submitted in good faith and the contractor will enter into the contract at the bid price should they be awarded the job. It also guarantees the principal will obtain the required payment and performance bonds within the allotted time.

- 5. How much does a surety bond cost?**

While each surety may differ, The Surety Group, Inc. bases the bond premium on contract price. Premium usually ranges from 1% to 4% of the total contract price depending on the financial strength of the company, the size and scope of the project and the experience of the contractor.

- 6. Why do I need CPA prepared financial statement in order to obtain a surety bond?**

In essence, a surety bond is a credit relationship. Because of this, applying for a bond is similar to applying for a bank loan. As with any credit relationship, it is important for the surety to have an accurate and complete picture of your company's financial standing prepared by an outside independent third party source.

- 7. What kind of financial statement do I need?**

Most sureties prefer, at minimum, a reviewed statement for larger jobs, but may accept a compilation depending on the size of the project. An audited statement provides verification of both internal and external accounting principals while a review presents a thorough review of accounting methods used. A compilation provides little or no guarantee of accurate accounting methods. Most sureties only accept financial statements prepared using the percentage of completion method.

- 8. Why do I have to provide personal financial information to obtain a surety bond?**

While a surety company does not enter into a bond expecting a loss, they must have an accurate financial picture of the contractor, as well as all individual parties with ownership, in the event of a loss.

- 9. How do I begin the bonding process?**

Contact The Surety Group--Our knowledgeable staff can assist you in all aspects of the bonding process. Please contact Kelly McLeod or Sam Newberry at 404-352-8211 or 800-486-8211 or Kelly@suretygroup.com for all surety bond inquiries. Also, check out our web site www.suretygroup.com for more information. We look forward to assisting you with all your bonding needs.

Bond Submission Checklist

Please use the following checklist to ensure a complete submission and avoid underwriting delays.

Contractor's Questionnaire

- Each question is answered and I have given any necessary explanations
- Questionnaire is typed or printed neatly
- I have provided contact names and numbers where necessary
- I have signed and notarized the last page

Personal Financial Statement

- I have provided a personal financial statement for *ALL owners or stockholders*
- Each section is completed and correct
- Personal financial statement is typed or printed neatly
- Each personal financial statement is signed and dated on the last page

Indemnity Agreement Information

- Each question is answered and I have given any necessary explanations
- Form is typed or printed neatly

Resume of Experience

- A resume is provided for *each owner or stockholder and all key personnel*
- Each resume is complete (including names and references) and offers explanations where needed
- Each resume is typed or neatly printed

Work on Hand

- Each project currently in progress over \$100, 000 is listed with correct amounts
- Each project listed has a contact name and number
- Work on hand totals are listed in the bottom left portion of the table
- Work on hand is dated and signed
- Work on hand is typed or neatly printed

Business Plan

- Business plan is complete and explanations are given where necessary
- Business goals are explained in detail
- Business plan is typed or neatly printed

Bond Request Forms (Bid and/or Payment & Performance)

- Each bond request form is complete and signed
- Each bond request is accompanied by a completed job cost breakdown
- Each *bid* bond request is accompanied by a copy of the solicitation/ invitation to bid, which includes the scope of work, bond requirements, time to complete and any applicable bond forms
- Each *Payment & Performance* bond request is accompanied by a copy of the contract, which includes the scope of work, bond requirements, time to complete and any applicable bond forms
- Each bond request is typed or neatly printed

Reference Letters

- Each reference letter sent to suppliers or obligees clearly lists the company name
- I have submitted reference letters from *3 suppliers* and *3 previous jobs*

Bank Reference Report

- My company name and address is clearly listed at the top of the form to ensure a speedy response from my bank
- I have submitted a bank reference form to each bank with which my business has an active account
- Lines of credit and balances are clearly listed
- A bank representative contact name and number is clearly listed

Business Financial Statements

- I have included a business financial statement for the last three years
- An interim statement is included if last year-end statement is more than 6 months old
- Each financial statement is prepared by a CPA and is based on the percentage of completion method
- Each financial statement has an opinion page, balance sheet, statement of income, schedule of completed contracts and all applicable notes
- An aging of payables and receivables is included with my most recent year-end statement

Tax Returns

- I have included personal tax returns for *ALL owners and/or stockholders for the last three years*
- I have included corporate tax returns for the last three years
- I have included tax returns for the last three years for any affiliated companies

Current Certificate of Insurance

- Certificate is current and has enough coverage for projects in process