

BONDING REQUIREMENTS

Bid Guarantee (applicable to construction and equipment contracts exceeding \$25,000)

All bids must be accompanied by a negotiable bid guarantee, which shall not be less than five percent (5%) of the amount of the bid. The bid guarantee may be a certified check, bank draft, U.S. Government Bonds at par value, or a bid bond secured by a surety company acceptable to the U.S. Government and authorized to do business in the state where the work is to be performed. Certified checks and bank drafts must be made payable to the order of the Housing Authority.

The bid guarantee shall insure the execution of the contract and the furnishing of a method of assurance of completion by the successful bidder as required by the solicitation. Failure to submit a bid guarantee with the bid shall result in the rejection of the bid. Bid guarantees submitted by unsuccessful bidders will be returned as soon as practicable after bid opening.

Assurance of Completion

(a) Unless otherwise provided in State law, the successful bidder shall furnish an assurance of completion prior to the execution of any contract under this solicitation. This assurance may be any of the four methods below:

- (1) a performance and payment bond in a penal sum of 100 percent of the contract price; or, as may be required or permitted by State law;
- (2) separate performance and payment bonds, each for 50 percent or more of the contract price;
- (3) a 20 percent cash escrow;
- (4) a 25 percent irrevocable letter of credit.

(b) Bonds must be obtained from guarantee or surety companies acceptable to the U.S. Government and authorized to do business in the state where the work is to be performed. Individual sureties will not be considered. U.S. Treasury Circular Number 570, published annually in the Federal Register, lists companies approved to act as sureties on bonds securing Government contracts, the maximum underwriting limits on each contract bonded, and the States in which the company is licensed to do business. Use of companies listed in this circular is mandatory. Copies of the circular may be downloaded on the U.S. Department of Treasury website <http://www.fms.treas.gov/c570/index.html>, or ordered for a minimum fee by contacting the Government Printing Office at (202) 512-2168.

(c) Each bond shall clearly state the rate of premium and the total amount of premium charged. The current power of attorney for the person who signs for the surety company must be attached to the bond. The effective date of the power of attorney shall not precede the date of the bond. The effective date of the bond shall be on or after the execution date of the contract.

(d) Failure by the successful bidder to obtain the required assurance of completion within the time specified, or within such extended period as the Housing Authority may grant based upon reasons determined adequate by the Housing Authority, shall render the bidder ineligible for award. The Housing Authority may then either award the contract to the next lowest responsible/responsive bidder or solicit new bids. The Housing Authority may retain the ineligible bidder's bid guarantee.

Bond Costs: The cost of the Bid Guarantee and Assurance of Completion is the responsibility of the Contractor.

Company

Signature

Date