

How to Execute A Bond

Overview

Surety bonds come in many forms with different wording depending on an Obligee's preference. Often times, it is unclear what information should go in which field. To minimize confusion when it comes to properly executing a surety bond, please see the sample bond form below. This sample form includes a number key which outlines the correct way to complete a surety bond form.

Upon completion of the bond form, please be sure to:

- Seal the bond using the surety company's stamp or steel seal on or near the signature section of the bond form;
- Attach and date a current Power of Attorney; and
- Attach any financial statements or disclosure statements that may be required by the Obligee on the bond.

We hope these instructions make the process of executing a bond easier for you. If you have any additional questions on how to execute a bond, please contact your local Bond underwriter for further guidance.

SURETY BOND (License or Permit – Continuous)

Bond no. 104999999 (1)

KNOW ALL MEN BY THESE PRESENTS:

THAT WE Sally Company, Inc. (2) as Principal, and Travelers Casualty and Surety Company of America (3), a corporation duly incorporated under the laws of the State of Connecticut and authorized to do business in the State of Pennsylvania (4) as Surety, are held and firmly bound unto City of Anytown (5), as Obligee, in the penal sum of One Hundred Thousand Dollars and 00/100 (6) (\$100,000.00) (7) dollars, for the payment of which we hereby bind ourselves, our heirs, executors, and administrators, jointly and severally, firmly by these presents.

WHEREAS, the Principal has obtained or is about to obtain a license or permit for Laying pipeline on Land Lot 346 (8)

NOW, THEREFORE, THE CONDITIONS OF THIS OBLIGATION ARE SUCH, that if the Principal shall faithfully perform all duties and protect said Obligee from any damage caused by the Principal's non-compliance with or breach of any laws, statutes, ordinances, rules or regulations, pertaining to the license or permit issues, then this obligation shall be null and void; otherwise to remain in full force and effect.

This bond shall become effective on January 1, 2006 (9)

PROVIDED, that regardless of the number of years this bond is in force, the Surety shall not be liable hereunder for a larger amount, in the aggregate, than the penal sum listed above.

PROVIDED FURTHER, that the Surety may terminate its liability hereunder as to future acts of the Principal at any time by giving thirty (30) days written notice of such termination to the Obligee.

SIGNED, SEALED, and DATED this January 1, 2006 (10)

Sally Surety, Inc.

Witness : Betty Bond, Treasurer, Witness (12)

By: Sally Smith, President, Principal (11)

Travelers Casualty and Surety Company of America

By: Annie Agent, Attorney-in-Fact (13)

Key

1. *Bond number.* Travelers bond numbers are 9 digits and typically begin with 104 _____ or 105 _____. Your local bond office will provide you with a block of preassigned bond numbers to use. Be sure to account for and keep a record of all bond numbers assigned to your agency.
2. *Principal name.* The Principal is your customer who is being required to post the surety bond.
3. *Underwriting company name.* The underwriting company that the bond will be issued under. In most cases, Travelers surety bonds for new business are written in the name of “*Travelers Casualty and Surety Company of America.*” If the bond you are executing is required for an obligation outside of the U.S., please call your local office for assistance.
4. *State.* The state in which the bond is being written and executed.
5. *Obligee.* The party to whom a bond is given to and being required by (i.e., beneficiary of the bond). An Obligee may be a person, firm, corporation, or government agency.
6. *Penal sum.* The amount of the bond which must be written in word format (i.e., “One Hundred Thousand and 00/100 dollars”).
7. *Penal sum.* The amount of the bond which must be written in numeric format (i.e., “\$100,000.00”).
8. *Obligation description.* The obligation description of the bond that is required by Obligee.
9. *Effective date.* When the bond will go into effect. In some cases it may need to match the date the contract or underlying agreement was executed.
10. *Execution date.* The date the bond is executed.
11. *Principal signature.* The Principal must sign the bond. If the Principal is an entity, an authorized official must sign on behalf of the Principal. The signatory’s name and his/her title must be typed below the signature line.
12. *Witness signature.* A witness must sign and provide his/her title to attest the Principal’s signature. The Witness’s name and his/her title must be typed below the signature line.
13. *Attorney-in-fact signature.* An attorney-in-fact must sign the bond. An attorney-in-fact is listed on the surety company’s power of attorney and has been granted the authority to execute a bond on behalf of the surety company. Be sure that the penal sum and type of bond you have executed falls within the authority the surety company has granted you. The attorney-in-fact’s name must be typed below the signature line. The name needs to be typed *exactly* as it appears on the Power of Attorney document.