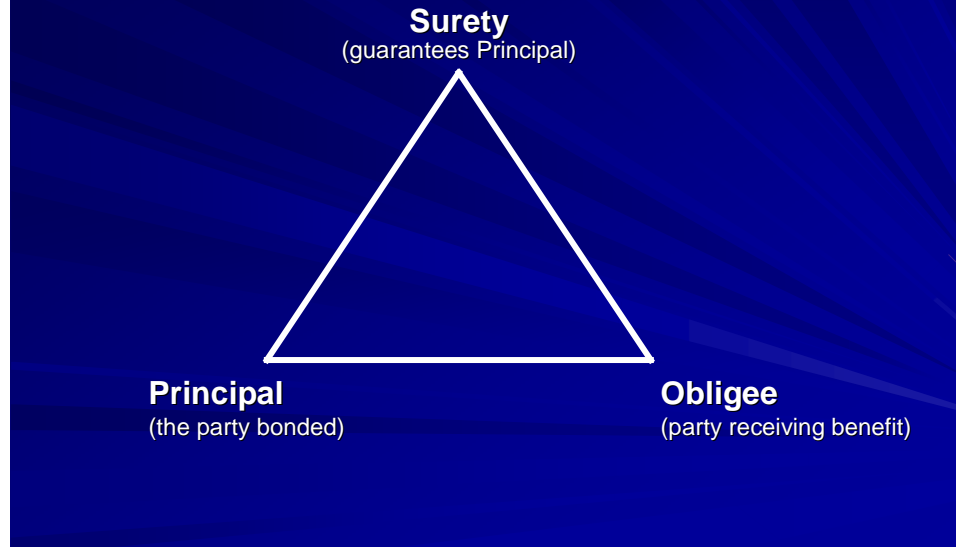


SURETY BONDS



Surety Bonds Are:

- Three-party contracts
- Not for the benefit of the party or entity obtaining the bond
- For the benefit of the Obligee (WSSC)
- Guarantees performance of one party to a second party
- Guaranteed by a Surety (an insurance company)

Types of Bonds:

Bid Bond - Is often required when a Principal (contractor) submits a proposal or bids on a contract. A Bid Bond guarantees the Obligee that the contractor, if awarded the contract, will enter into the contract and provide the necessary performance and payment bonds.

Performance Bond - Guarantees to the Obligee that the contractor will complete the project; according to specification, on time, and within budget.

Payment Bond - Guarantees to the Obligee that subcontractors and other suppliers will be paid.

Maintenance Bond - Guarantees that faulty work and those defective materials will be corrected or replaced.