

**DOCUMENT 00610**

**PERFORMANCE BOND**

CONTRACTOR (Name and Address):

SURETY (Name and Address):

OWNER (Name and Address):

**ELIZABETH TOWNSHIP**

423 Southview Drive

Lititz, PA 17543

**AGREEMENT**

Amount:

Project Identification:

**ADDITION/RENOVATION TO AN EXISTING  
BUILDING**

Contract Number and Identification:

**ONE – GENERAL CONSTRUCTION**

**BOND**

Date:

Amount:

1. The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner for the Performance of the Work as defined by the Agreement, which is incorporated herein by reference.
2. If the Contractor performs the Work, the Surety and the Contractor shall have no obligation under this Bond, except to participate in conferences as provided in Paragraph 3.1.
3. If there is no Owner Default, the Surety's obligation under this Bond shall arise after:
  - 3.1 The Owner has notified the Contractor and the Surety at its address described in Article 10 below, that the Owner is considering declaring a Contractor Default and has requested and attempted to arrange a conference with the Contractor and the Surety to be held not later than fifteen days after receipt of such notice to discuss methods of performing the Work. If the Owner, the Contractor, and the Surety agree, the Contractor shall be allowed a reasonable time to perform the Work, but such an agreement shall not waive the Owner's right, if any, subsequently to declare a Contractor default; and
  - 3.2 The Owner has declared a Contractor default and formally terminated the Contractor's right to complete the Work. Such Contractor Default shall not be declared earlier than twenty days after the Contractor and the Surety have received notice as provided in Paragraph 3.1; and

- 3.3 The Owner has agreed to pay the Balance of the Contract Price to the Surety in accordance with the terms of the Agreement or to a contractor selected to perform the Work in accordance with the terms of the Agreement with the Owner.
4. When the Owner has satisfied the conditions of Article 3, the Surety shall promptly and at the Surety's expense take one of the following actions:
- 4.1 Arrange for the Contractor, with consent of the Owner, to perform and complete the Work; or
  - 4.2 Undertake to perform and complete the Work itself, through its agents or through independent contractors; or
  - 4.3 Obtain bids or negotiated proposals from qualified contractors acceptable to the Owner for a contract for performance and completion of the Work, arrange for a contract to be prepared for execution by the Owner and the contractor selected with the Owner's concurrence, to be secured with performance and payment bonds executed by a qualified surety equivalent to the bonds issued on the Work, and pay to the Owner the amount of damages as described in Article 6 in excess of the Balance of the Contract Price incurred by the Owner resulting from the Contractor's default; or
  - 4.4 Waive its right to perform and complete, arrange for completion, or obtain a new contractor and with reasonable promptness under the circumstances:
    - 4.4.1 After investigation, determine the amount for which it may be liable to the Owner and, as soon as practicable after the amount is determined, tender payment therefor to the Owner; or
    - 4.4.2 Deny liability in whole or in part and notify the Owner citing reasons therefor.
5. If the Surety does not proceed as provided in Article 4 with reasonable promptness, the Surety shall be deemed to be in default on this Bond fifteen days after receipt of an additional written notice from the Owner to the Surety demanding that the Surety perform its obligations under this Bond, and the Owner shall be entitled to enforce any remedy available to the Owner. If the Surety proceeds as provided in Paragraph 4.4, and the Owner refuses the payment tendered or the Surety has denied liability, in whole or in part, without further notice the Owner shall be entitled to enforce any remedy available to the Owner.
6. After the Owner has terminated the Contractor's right to complete the Work, and if the Surety elects to act under Paragraph 4.1, 4.2, or 4.3 above, then the responsibilities of the Surety to the Owner shall not be greater than those of the Contractor under the Agreement, and the responsibilities of the Owner to the Surety shall not be greater than those of the Owner under the Agreement. To the limit of the amount of this Bond, but subject to commitment by the Owner of the Balance of the Contract Price to mitigation of costs and damages on the Work, the Surety is obligated without duplication for:

6.1 The responsibilities of the Contractor for:

6.1.1 Completion of the Work, as defined in Article 1 of the General Conditions.

6.1.2 Correction of defective work during the Correction Period, as defined in General Conditions Paragraphs 13.07.A through 13.07. E. and, where applicable, as amended by the Supplementary Conditions.

6.2 Additional legal (including litigation), design, professional, and delay costs resulting from the Contractor's Default, and resulting from the actions or failure to act of the Surety under Article 4; and

6.3 Liquidated damages, or if no liquidated damages are specified in the Agreement, actual damages caused by delayed performance or non-performance of the Contractor.

7. The Surety shall not be liable to the Owner or others for obligations of the Contractor that are unrelated to the Work, and the Balance of the Contract Price shall not be reduced or set off on account of any such unrelated obligations. No right of action shall accrue on this Bond to any person or entity other than the Owner or its heirs, executors, administrators, or successors.

8. The Surety hereby waives notice of any change, including changes of time, to the Agreement or to related subcontracts, purchase orders, and other obligations.

9. Any proceeding, legal or equitable, under this Bond may be instituted in any court of competent jurisdiction in the location in which the Work or part of the Work is located and shall be instituted within two years after Contractor Default or within two years after the Contractor ceased working and within two years after the Surety refuses or fails to perform its obligations under this Bond, whichever occurs first. If the provisions of this Article are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

10. Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the front page.

11. When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

12. Definitions:

12.1 Balance of the Contract Price: The total amount payable by the Owner to the Contractor under the Agreement after all proper adjustments have been made, including allowance to the Contractor of any amounts received or to be received by the Owner in settlement of insurance or other claims for damages to which the

Contractor is entitled, reduced by all valid and proper payments made to or on behalf of the Contractor under the Agreement.

12.2 Contractor Default: Failure of the Contractor, which has neither been remedied nor waived, to perform or otherwise to comply with the terms of the Agreement.

12.3 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Agreement or to perform and complete or comply with the other terms thereof.

12.4 The terms used in this Performance Bond which are defined in the General Conditions have the meaning assigned to them in the General Conditions.

**(If Contractor is an Individual)**

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Individual

Trading and doing business as:

\_\_\_\_\_  
Name of Business

\_\_\_\_\_  
Address of Business

**(If Contractor is a Limited Liability Company – All Members Must Sign)**

\_\_\_\_\_  
Name of Company

\_\_\_\_\_  
Address of Company

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Member

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Member

**(If Contractor is a Partnership - All General Partners Must Sign)**

	_____ Name of Partnership
	_____ Address of Partnership
_____ Signature of Witness	_____ Signature of Partner
_____ Signature of Witness	_____ Signature of Partner
_____ Signature of Witness	_____ Signature of Partner

**(If Contractor is a Corporation)**

ATTEST:

	_____ Name of Corporation
_____ Signature of Secretary or Assistant Secretary	_____ Address of Principal Office
(CORPORATE SEAL)	_____ State of Incorporation
	_____ Signature of President or Vice President

Type or print name below each signature.

**(Corporation Surety)**

\_\_\_\_\_  
Name of Corporation

\_\_\_\_\_  
Address of Office

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Attorney-in-fact

Attach an appropriate power of attorney, dated as of the same date as the Bond, evidencing the authority of the Attorney-in-fact to act in behalf of the corporation.

Type or print name below each signature.

**NOTE:       Substitute Performance Bond Form is not acceptable. Failure to submit  
Bond on this form will be reason for rejection of Bid.**

**END OF PERFORMANCE BOND**