

## **SURETY REQUIREMENTS**

Surety is a security deposit to guarantee repair and/or replacement of public improvements damaged during work initiated under a permit issued by Public Works. The City of Fremont allows the surety to be provided for in two formats: (1) an Annual Bond Form or 2) a Certificate of Deposit (CD).

### **ANNUAL BOND**

Annual Bond Forms presented which do not meet all of these requirements will be returned to the applicant for correction, potentially delaying issuance of the permit.

The requirements for an Annual Bond Form are as follows:

- 1) Must be on the City of Fremont's approved Annual Bond Template.
  - a. Annual Bond Template for Routine Encroachment Permits
  - b. Faithful Performance Bond, Labor and Materials Bond (*Template to be provided by staff once bond amount is determined*)
- 2) Must be original copy with raised seal

### **CERTIFICATE OF DEPOSIT (CD)**

CDs presented which do not meet all of these requirements will be returned to the applicant for correction, potentially delaying issuance of the permit.

The requirements for Certificates of Deposit are as follows:

- 1) Submitted CD must be on an original bank form (i.e. photocopies, faxes, etc. are not acceptable).
- 2) Must be payable to the City of Fremont.
- 3) Must be non-negotiable (non-negotiable must be imprinted on CD).
- 4) Must show the maturity date and interest rate on the CD.
- 5) The initial term of the CD must be at least 90 days with an automatic renewal provision.
- 6) Must list the Permittee or Contractor as the depositor.
- 7) Interest will be paid directly to the depositor at maturity, NOT the City of Fremont. The interest must not be capitalized or added to the CD account at any time.
- 8) Must be issued by a local bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or a FDIC insured bank with a local branch. (FDIC must be imprinted on CD). Local is defined as a bank within the County of Alameda for an affiliated out of county bank.
- 9) In order to be covered by FDIC insurance, the principal plus expected interest to be earned should not exceed the insurance limit of \$250,000.
- 10) Local banks known to issue CD's that meet the above requirements: Fremont Bank, Heritage Bank of Commerce, Comerica Bank

The Department of Public Works will maintain control over the Surety until completion of the project. In the event the Permittee refuses or fails to complete or repair the public street improvements of this permit, the Director of Public Works may, at his sole discretion, after giving written notice to the Permittee, use funds from the surety to pay the costs of construction or repair. Said cost for construction or repair shall include administration expenses. Upon the acceptance of said improvements, the unexpended portion of said deposit shall be returned to the Permittee who made the deposit.

### **WARRANTY PERIOD**

There is a minimum 30-day workmanship and materials warranty period during which the Surety is held for routine permits (1-year for permits requiring an improvement agreement). This period begins when Final Inspection is completed by the Public Works Inspector.

