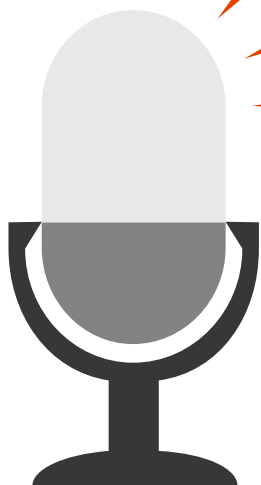




Let's get ready to...

...clarify the differences between payment & performance bonds!



Payment Bonds **VS** Performance Bonds

In this corner, we have an \$8.4 million bond, created & executed to protect you in the event the principal does not pay as promised!



Please welcome **Payment Bond**

In this corner, we have an \$8.4 million bond, created & executed to protect you in the event the principal does not perform as promised!



Please welcome

Performance Bond

Payment Bond



A payment bond is a surety bond, most often on public projects, issued as assurance of payment to certain parties should the principal of the bond breach their construction contract.

Performance Bond

A performance bond is a bond issued to one party of a contract as a guarantee of the performance of the other party to meet the obligations specified in the contract.



When should I make a claim against a payment bond?

Although each state has guidelines for when to serve a bond claim and to whom the claim should be served (often the deadline is 90 days from last furnishing), the real question should be "Are you willing to wait 90+ days for payment?" IF the answer to that question is "No way, I don't want to wait 90 days or more for payment!" then you should proceed with a claim against the principal's payment bond sooner rather than later.



How do I know if a bond has been issued?

In some cases you may uncover surety or bonding information when you obtain a copy of the Notice of Commencement or while gathering job information. Otherwise, you could inquire with the owner of the project, ask the bond principal (i.e. the GC) or even hire an outside vendor to proceed with a bond investigation.

Some public entities, like Texas Department of Transportation, provide a list of active construction projects on their website. The information provided may include the project name/location, the costs affiliated with the construction and the name of an individual you can contact for further information.

BEST PRACTICE

Obtain a copy of the bond at the start of a project.

Although it's possible to obtain a copy of the bond when you make a claim, once payment problems arise, folks tend to be reluctant to cooperate and provide copies of bonds.



Need assistance with obtaining a copy of a bond or making a claim against a bond?

Contact NCS Credit today!



800.826.5256 | SecureYourTomorrow@NCScredit.com | NCScredit.com

This information is provided with the understanding that the publisher is not engaged in rendering legal advice. NCS recommends retaining an attorney for each case.