

PAYMENT BOND

Annual – Cancelable Form

Bond No. _____

KNOW ALL BY THESE PRESENTS, that we _____, as Principal, and _____, of _____, authorized to do business in _____, as Surety, are held and firmly bound unto _____, as Obligee, and to all persons who furnish labor or material directly to the Principal for use in the prosecution of the work hereinafter named, in the maximum penal sum of _____ Dollars (_____), lawful money of the United States of America, for which payment well and truly to be made we bind ourselves, our heirs, executors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered, or is about to enter, into a written agreement with the Obligee, for _____ hereinafter referred to as the Contract) and more fully described in said Contract, said Contract is hereby referred to and made a part hereof.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall pay all persons who shall have furnished labor or material directly to the Principal for use in the prosecution of the aforesaid work, each of which said persons shall have a direct right of action on this instrument in his/her own name and for his/her own benefit, subject, however, to the Obligee's priority, then this obligation to be void; otherwise to remain in full force and effect.

Notwithstanding anything to the contrary in the Contract, the Bond is subject to the following express conditions:

1. Whereas, the Obligee has agreed to accept this Bond, this Bond shall be effective for the definite period of _____ to _____. The Bond may be extended, at the sole option of the Surety, by continuation certificate for additional periods from the expiry date hereof. However, neither: (a) the Surety's decision not to issue a continuation certificate, nor (b) the failure or inability of the Principal to file a replacement bond or other security in the event the Surety exercises its right to not renew or cancel this Bond (pursuant to paragraph 2 below), shall itself constitute a loss to the Obligee recoverable under this Bond or any extension thereof.
2. This Bond may be canceled at any time upon thirty (30) days advance written notice from the Surety to the Obligee.
3. The above referenced Contract has a term ending _____. Regardless of the number of years this Bond is in force or the number of continuation certificates issued, this Bond shall have a final and definite expiration date of _____, unless earlier nonrenewed or canceled pursuant to paragraph 1 or 2 above.
4. Regardless of the number of years this Bond is in force or the number of continuation certificates issued, the liability of the Surety shall not be cumulative in amounts from period to period and shall in no event exceed the amount set forth above, or as amended by rider.
5. Any notice, demand, certification or request for payment, made under this Bond shall be made in writing to the Surety at the address specified below. Any demand or request for payment must be made prior to the expiry date of this Bond.

Surety Address: _____

Attn: _____

6. No claim, action, suit or proceeding, except as hereinafter set forth, shall be had or maintained against the Surety on this instrument unless such claim, action, suit or proceeding is brought or instituted upon the Surety within one year from termination or expiration of the bond term; or after the expiration of ninety (90) days after the day on which any person last supplied the labor and/or materials for which the claim is made, whichever occurs first. If this limitation is void or prohibited by law, then the minimum period of limitation available to Surety as a defense in the jurisdiction of the suit shall be applicable.
7. The amount of this Bond shall be reduced by and to the extent of any payment or payments made in good faith hereunder.

8. If any conflict or inconsistency exists between the Surety's obligations or undertakings as described in this Bond and as described in the underlying Contract, then the terms of this Bond shall prevail.

SIGNED, SEALED AND DATED this _____ day of _____, _____.

By: _____, Principal

By: _____, Attorney-in-Fact