

SURETY PROCEDURES FOR RECORDING PLATS

Plat Recordation

Commercial or non-residential developments may bond 100% of the project. Residential developments are limited on the items that may be bonded see list below.

1) Requirement for recording final plat (UDO 154)

- A. The improvements required for the area covered by the plat must be constructed according to approved plans on file in the Public Works Department of the City of Winston-Salem and the final inspection has been completed.

OR

- B. If all construction is not complete, then an acceptable form of surety has been approved by the City Attorney for bondable items (see UDO 154).
- C. Before incomplete items are allowed to be bonded, a detailed itemized list of work, including pricing, must be submitted to the Engineering Division by the project engineer. The amount of the surety shall be the estimated cost of the improvements plus a minimum of a 25% contingency, as approved by the City Engineer or designee.

2) Forms of Surety

A. Letter of Credit –

- i. Shall be irrevocable.
- ii. Must be issued in favor of the City of Winston-Salem, North Carolina
- iii. Must be issued from a major North Carolina Banking institution.
- iv. Must be payable at sight.
- v. Shall be in effect for a minimum of one (1) year from the time of issuance and must be automatically extended, without amendment, for one (1) year from its expiration date (or any future expiration date).
- vi. If the Letter of Credit is not to be renewed, the financial institution must notify the City, by registered mail, at least sixty (60) days prior to the expiration date. Note: the City may draw on the Letter of Credit if the developer fails to renew the Letter of Credit and the planned improvements have not been completed.
- vii. The name of the subdivision/project and a summarization of the improvements must be clearly referenced on the Letter of Credit.
- viii. Statements required for the City to draw on the Letter of Credit shall not have any burdensome conditions (an acceptable statement is: “(developer name) has not complied with the development agreement with the City of Winston-Salem.”

B. Performance Bond –

- i. Shall be in effect until such time as planned improvements have been completed.
- ii. Shall provide that the City may institute suit on the bond for breach of any term(s) or conditions(s) in all respects within one (1) year from the end of the stipulated period during which the work required is to be performed.
- iii. To execute such bonds, the bonding company must be licensed under the laws of North Carolina to execute such bonds and a resident North Carolina registered agent must sign the bond (name and address shall appear on the bond).
- iv. The name of the subdivision/project and a summarization of the improvements must be clearly referenced on the bond.

C. Cash Bond –

- i. A check made payable to the City of Winston-Salem.
- ii. Will be considered approved once the check has cleared the lending institution.
- iii. The cash bond will be held until the completion of the improvements. The developer will not be entitled to any interest.

3) **Reduction in Surety** - A one time reduction in surety is permitted after the project engineer submits an updated itemized list of work left to be completed. Once the new surety has been submitted and accepted by the City Attorney, the original surety will be released.

4) **Release of Surety** – After all construction has been completed and a construction final has been approved by the Engineering Division, the developer can request that the City release his surety.

5) **Default** – Upon default, the City may request payment from the financial institution to complete improvements or request the bonding company to complete the incomplete work. The City shall return, to the developer, any funds not spent on completing the improvements. Default on a project does not release the developer from the responsibility and liability for completion of the project.

Bondable Items

- 1) Asphalt (cubic yard)
- 2) Sidewalks (linear foot)
- 3) Street Trees (type, number and size of trees)
- 4) Landscaping (sq. yard)
- 5) Minor Utility Adjustments
- 6) Sewer Outfalls must be approved by City/County Utilities Director (Materials and installation).
- 7) Road Widening (ie. turn lanes into the subdivision)

Items Which Can Not be Bonded for Residential Developments

- 1) Utilities (Water and Sewer Mains, including connection and fittings)
- 2) Drainage including curb & gutter
- 3) Streets up to the stone base must be constructed (Note: The developer shall protect manholes, inlets, pipes, valves, hydrants and curb during building construction).

Administrative Fee - The review fee for filing of Bonds or other forms of Surety shall be based on the amount of the surety. The following is the fee schedule:

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|-----------------------|-------|
| \$ 0 - \$10,000 | \$ 50 |
| \$ 10,001 - \$50,000 | \$100 |
| \$ 50,001 - \$150,000 | \$150 |
| \$150,001 and Higher | 0.1% |