

**Oakland County
CDBG
Construction Bonding Requirements**

Required bid bond for all construction or facility improvement contracts or subcontracts:

1. A ***bid guarantee*** is required from each bidder equivalent to 5% of the bid price. The “bid guarantee” shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument **accompanying a bid** as assurance that the bidder will, upon acceptance of their bid, execute such contractual documents as may be required within the time specified.
2. The above described bid guarantee or bid bond must be submitted at the time of the bid; If a contractor fails to deliver the required guarantee or bond, the bid will be rejected.

Additional required bonds for construction or facility improvement contracts or subcontracts exceeding \$50,000.00:

1. A ***performance bond*** shall be delivered to the agency when the contract is executed on the part of the contractor for 100% of the contract price. A “performance bond” is executed in connection with a contract to secure fulfillment of all the contractor’s obligations under such contract.
2. A ***payment bond*** (labor & material bond) shall be delivered to the agency when the contract is executed on the part of the contractor for 100% of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.
3. The above described performance and payment bonds must be submitted at the time of contract signing when construction or facility improvement contracts or subcontracts exceed \$50,000.00.