

MFH_515_514_516_EXCEPTION TO SURETY REQUIREMENTS SUBMITTAL LIST

Applicant Use

Exceptions to surety requirements will not be granted for nonprofit or public body applicants. (1924.13.e.1.iii)
The applicant must submit a **“Request for Exception”**, on letterhead, making the request and providing the following documentation:

Project Name & Location:

Applicant Name & Contact Information:

Architect Name & Contact Information:

General Contractor Legal Name:

License/EIN:

Item:
1. Explain why the proposed contractor is unable to obtain payment and performance bonds and why it is financially advantageous for the applicant to award the contract without the required bonds. (1924.6.a.3.iii)
2. Provide evidence that the proposed contractor is experienced in construction of projects of similar size, scope, and complexity, and is recognized as a reliable builder. (1924.6.a.3.iii & 1924.13.e.1.iii.B) Submit the following: a. A resume indicating the contractor's history, ability, and experience. b. A current, dated, and signed financial statement of the contractor's operations indicating the payment status of accounts and any contingent liabilities that may exist. c. A credit report attesting to the contractor's credit standing. d. A listing of trade references that could be contacted to substantiate the contractor's experience and good standing. e. Statements from owners for whom the contractor has done similar work, indicating the scope of the work and the owner's evaluation of the contractor's performance.
3. State what type of alternative surety will be provided. (1924.6.a.3.iii) Options are: a. An unconditional and irrevocable letter of credit issued by a lending institution that has been reviewed and approved by OGC in the <u>full amount</u> of the contract. b. A deposit in the <u>full amount</u> of the contract in a supervised bank account. c. A combination of the above for the <u>full amount</u> of the contract.
4. Requests to provide surety for less than the full amount of the contract must be one of the options listed in #3 above and include additional documentation. (1924.6.a.3.iii.C) Submit the following: a. The amount of surety proposed and in what form (bond, LOC, or cash deposit). b. Documentation indicating the reasons why the full amount cannot be provided. c. Evidence that the applicant agrees to the amount of surety provided. d. Evidence that the applicant has the financial capability to withstand any financial loss due to default of the contractor. e. Evidence that the contract provides for partial payments not to exceed 90% for work guaranteed by surety and not to exceed 60% for work not guaranteed by surety.
5. Evidence that the contractor will provide surety against latent obligations and/or defects in connection with the construction for one year from the date of final acceptance of the work by the Owner and RHS in the form of: (1924.6.a.iv) Indicate which of the following will be provided for the one-year warranty period: a. A properly executed corporate latent defects bond or maintenance bond in the amount of 10% of the construction contract, or b. An unconditional and irrevocable letter of credit in the amount of 10% of the construction contract, or c. A cash deposit into a supervised bank account in the amount of 10% of the construction contract
6. State that at each pay application the contractor will furnish the Borrower and RD with lien waivers from the contractor, all sub-contractors, and all suppliers previously paid as evidence that previous payments were applied properly. (1924.6.a.12.iv)