

Facts about Surety Bonds

A surety bond is an agreement made between three or more main parties: • The primary/obligor who borrows money, assets from another party • The secondary/obligee issues the loan to the obligor • The surety ensures that the obligee receives everything they are owed and compensates the obligee directly if the obligor fails to keep to their side of the obligation A surety bond is an agreement in which the surety party agrees to uphold to the contractual promises made between the obligor and obligee. Should the obligor fail to obtain the bond, the surety (normally the bank) will compensate the obligee for its losses. This is beneficial the obligee as it can build relations with other companies but not come into financial trouble. Here are some key bits of information about [surety bonds](#). **HOW TO BECOME BONDED** In order to become bonded you must have a strong and secure contract between all three parties. The Obligee must be able to trust the obligor and with previous experience the obligor will have proved that this is possible. Before the contract is complete, the obligee will issue qualifications which the primary party must be able to maintain. These qualifications will be specific to the obligee and will determine whether the bond will go ahead. Next the obligee will evaluate the obligor looking closely at four main aspects of the company: financial stability, integrity, longevity and capacity. **OBLIGOR INFORMATION** Provided some obligee information including the name and address of the obligor as well as the type of bond the obligor requires (in this case surety bond), the type of business you're in and the amount the bond must be for. **FINANCIAL INFORMATION** Every stakeholder with more than a 5% share in the business must submit a personal financial statement . As well as this the businesses finances will have to placed in the standard market **THE BOND FORM** This is a legal document provided by the obligee that contains the requirements of the bond.

About the Author

If you still require more information about surety bonds or [getting bonded](#), you can get in touch with the [Surety Bonds](#) experts who composed this article.

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