

Performance Bond-Dual Obligee

**U.S. Department of Housing
and Urban Development**
Office of Housing
Federal Housing Commissioner

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Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information collection is necessary to ensure that viable projects are developed. It is important to obtain information from applicants to assist HUD in determining if nonprofit organizations initially funded continue to have the financial and administrative capacity needed to develop a project and that the project design meets the needs of the residents. The Department will use this information to determine if the project meets statutory requirements with respect to the development and operation of the project, as well as ensuring the continued marketability of the projects. This information is required in order to obtain benefits. This information is considered non-sensitive and no assurance of confidentiality is provided.

Know All Men By These Presents, That We,

of

as Principal, (hereinafter called the Principal) and _____, a

as Surety, (herinafter called the Surety) are held and firmly bound unto _____

Owner, (hereinafter called the "Owner-Obligee") and unto _____,

its successors and assigns, of _____ (hereinafter called the "Lender")

as their respective interests may appear, as OBLIGEES, in the sum of _____

Dollars (\$ _____), lawful money of the United States of America, for the payment of which Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, Principal has entered into a Construction Contract dated _____
with

Owner-Obligee for the construction of a Housing Project designated as _____

a copy of which Construction Contract is by reference made a part hereof; and

WHEREAS, Lender has agreed to lend to Owner-Obligee a sum of money to be secured by a mortgage on said project and to be used in making payments under said Contract, and desires protection as its interests may appear, in event of default by Principal under said Contract, said protection to be subject to the performance by the Obligees, or either of them, of the obligations to Principal in connection with said Contract.

NOW, THEREFORE, the condition of this obligation is such that, if Principal shall well and truly perform all the undertakings, covenants, terms, conditions and agreements of said Contract on its part, and fully indemnify and save harmless Obligees from all cost and damage which they may suffer by reason of failure so to do, and fully reimburse and repay Obligees all outlay and expense which Obligees may incur in making good any such default, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

The foregoing, however, is subject to the following further provisions:

1. The Surety shall not be liable under this Bond to the Obligees, or either of them, unless the said Obligees, or either of them, shall make payments to the Principal strictly in accordance with the terms of said Contract as to payments, and shall perform all the other obligations to be performed under said Contract at the time and in the manner therein set forth.

2. Surety agrees that any right of action that either of Obligees herein might have under this bond may be assigned to the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and that such assignment will in no manner invalidate or qualify this instrument.

3. No suit, action, or proceeding by reason of any default whatever shall be brought on this bond after two years from the day on which the final payment under the Contract falls due.

4. The prior written approval of Surety shall be required with regard to any changes or alterations in said Contract where the cost thereof, added to prior changes or alterations, causes the aggregate cost of all changes and alterations to exceed 10 percent of the original Contract price; but, except as to the foregoing, any alterations which may be made in the terms of the Contract, or in the work to be done under it, or the giving by the Obligees of any extension of time for the performance of the Contract, or any other forbearance on the part of either the Obligees or Principal to the other, shall not in any way release Surety or Principal of the obligations of this instrument, notice to Surety of any such alteration, extension, or forbearance being hereby waived.

5. The aggregate liability of Surety hereunder to the Obligees or their assigns is limited to the penal sum above stated, and Surety, upon making any payment hereunder, shall be subrogated to, and shall be entitled to an assignment of, all rights of the payee, either against Principal or against any other party liable to the payee in connection with the loss which is the subject of the payment.

SIGNED and SEALED this _____ day of _____ 20____

Witness as to Principal _____ (SEAL)
(Principal)

_____ By _____

(Surety)

By _____

\$ _____

(Surety)

PERFORMANCE BOND-DUAL OBLIGEE

No. _____

On Behalf of

Date _____, 20_____

Expires _____, 20_____