



GUILFORD COUNTY PLANNING BULLETIN

SURETIES

PURPOSE OF A SURETY

In lieu of requiring the **completion of all improvements** (streets, public water/sewer, water quality structures, sidewalks, etc.) prior to final subdivision plat approval, the Jurisdiction may enter into an agreement with the developer, whereby the developer shall complete all required improvements in a timely manner. Refer to Section 3-10 **SURETIES OR IMPROVEMENT GUARANTEES** in the appropriate Jurisdiction's Development Ordinance (Guilford County's, Stokesdale's, Pleasant Garden's, Sedalia's Whittsett's, Oak Ridge's, etc.).

TYPES OF SURETIES

Irrevocable Letter-of-Credit (L.O.C.), Improvement Bond, Administrative Hold on a Bank Account, or a similar type of Financial Guarantee submitted by a bank, an insurance company, or comparable institution. The most common type of surety submitted is a Letter-of-Credit (see attached examples).

AT WHAT TIME DURING PROJECT WILL SURETY BE ACCEPTED

Sureties will be accepted once the following improvements have been completed:

- (1) Grading has been started in compliance with the Soil Erosion Section;
- (2) **Some of the required stone has been placed (for surety purposes a minimum of four inches, but NCDOT will require more stone for the final street construction);**
- (3) Construction plans have been approved by NCDOT (on municipal water/sewer, construction plans must also be approved by the City for the streets, water/sewer, etc.); and,
- (4) A subdivision must have preliminary approval.
- (5) Water quality structures are **substantially complete** as defined in Sec. 2-1.2(AF) of the Guilford County Development Ordinance. 100% sureties protecting against structural dam or spillway failure between time of substantial completion and final approval will be accepted.

STEPS FOR SUBMITTAL:

- 1st** An estimate to complete street(s), public water and sewer, water quality structures, sidewalks, etc. improvement(s) is submitted to the Planning Section in a typed letter with estimate sealed by the project's contractor, engineer, or surveyor (seal and signature required). **All estimates/sureties, including Stokesdale, Pleasant Garden, Sedalia, Whittsett, Oak Ridge, etc. are processed through the Guilford County Planning and Development Department, P. O. Box 3427, Greensboro, NC 27402, Phone 641-3334 (see Pg. 4 of 6).**
- 2nd** The Planning & Zoning Section calculates a contingency fee based on the submitted amount of the estimate, and contacts the surveyor regarding the required surety amount (amount needed for the bond, L.O.C., etc.).
- 3rd** Surety is submitted to the Planning & Zoning Section for review and approval by the County or Town Attorney. The surety must be payable to the jurisdiction on demand. In no case shall the duration of the surety exceed two (2) years.
- 4th** The developer's Surveyor/ Engineer then submits the final subdivision plat packet to the Planning & Zoning Section for final approval(s), before plat is recorded in the Register of Deeds. **Note:** It is illegal to sell any lot(s) until after the plat is recorded.

**RESPONSIBILITIES OF THE DEVELOPER
AFTER THE PLAT IS RECORDED:**

- 1) Improvements must be completed prior to the project's completion date and the surety's expiration date
- 2) **If the improvements cannot to be completed prior to the expiration of the surety, contact the Planning Section one (1) month prior to the expiration date, and submit an amended surety no less than fourteen (14) days prior to the expiration date.**
- 3) When all improvements are completed, the appropriate inspections must be requested and the appropriate final approval letter(s) obtained. For streets contact NCDOT at 334-3161; if on City water and sewer, obtained from City Engineering at 373-2876. For water quality structures an Engineer's Certification of Completion and record of construction must be submitted verifying minimum design standards were met.
- 4) **Copies of the appropriate written NCDOT/CITY final letters and final water quality structure inspection/acceptance by the Watershed Protection Engineer must be submitted along with all requests for return of a surety, and the name and address to whom the surety needs to be sent to, if not picking up in person.**
- 5) The developer should insure that streets stay in the appropriate condition for acceptance of maintenance by NCDOT (**Note: NCDOT will not automatically accept streets for maintenance until requested by the property owners, and the streets must meet NCDOT standards for acceptance**).

FINAL NOTES:

- 1) Currently, Stokesdale, Oak Ridge, Sedalia, Whitsett and Pleasant Garden have the same basic requirements for sureties as Guilford County; however, **Pleasant Garden's** Town Council has the option of requiring an

extension of a street surety, until NCDOT accepts all street(s) in the subdivision for state maintenance. **As previously stated, however, all sureties, including the above Town of Pleasant Garden, will be administered by the Guilford County Planning and Development Department, Planning Section.**

- 2) The jurisdiction is not required to accept a surety. For example, the Technical Review Committee, or a Town Council, may determine that the improvements need to be completed before a subdivision plat can be recorded in the Register of Deeds.
- 3) **Soil erosion sureties are processed separately through the Planning and Development Department, Soil Erosion Control Section (Phone 641-3803); therefore, do not request that a surety for soil erosion be released through the Planning Section, or vice versa. Soil erosion sureties are calculated in the amount of \$1,500.00/acre disturbed, to the nearest 1/10 of an acre. Sureties for LCID Landfills are \$2,000.00/acre. The same types of sureties used for subdivisions are used for soil erosion. All soil erosion sureties are payable to Guilford County on demand.**

This bulletin is intended for public information purposes only. It summarizes and omits some provisions. It is not to be construed or used as an official Development Ordinance interpretation in any legal proceeding.

SURETY INFORMATION FORM AND SAMPLE L.O.C. DOCUMENT
(NAME OF BANK, INSURANCE COMPANY, ETC.)
(ADDRESS)

Check one:

- IRREVOCABLE LETTER OF CREDIT (L.O.C.)
- SUBDIVISION IMPROVEMENT BOND (SEE ATTACHED BOND)
- ADMINISTRATIVE/ACCOUNT HOLD
- OTHER: _____

(type of surety)

_____ (Today's Date)

County of Guilford (OR) Town of: Stokesdale, Pleasant Garden*, etc.

P. O. Box 3427
Greensboro, NC 27402

We hereby establish our Irrevocable Credit No. XXXXX in your favor, for the account of _____ (developer's name), and thereby undertake to honor your drafts at sight, not exceeding the aggregate of _____ (written amount) (\$ _____ amount), each _____ (type of surety) to be accompanied by the following:

Your signed and dated statement, reading as follows: We hereby certify that the amount of the draft is due to us because of failure by _____ (developer's name) to complete improvements as required by the _____ (name of jurisdiction) Development Ordinance for:

Subdivision/Project Name: _____

Section or Phase #: _____

- Surety for (i.e. Street Paving):** 1) _____
2) _____
3) _____

Estimated Project Completion Date: _____

Expiration Date of Surety: _____

Developer must notify bank, insurance company, etc., issuing (surety) and Guilford County Planning one (1) month prior to the above expiration date if improvement(s) are not completed. If project is not completed by this completion date, an amended surety must be submitted no less than fourteen (14) days prior to the expiration date.

All drafts drawn under this Credit must be marked drawn under (name of bank, insurance company, etc.) (Surety type and number) dated (date) and the amounts drawn must be endorsed on the reverse hereof by the (negotiating bank, insurance company, etc.).

This Credit is valid until (date) and drafts drawn hereunder, if accompanied by documents as specified above, will be honored if presented to the issuing (name of bank, insurance company, etc.) on or before the expiration date of (date).

We engage with you that draft(s) drawn under and in strict compliance with the terms of this type of surety will be duly honored.

Signature(s) of Issuing Bank, Insurance Company, etc. Officer (name and title).

***NOTE:** Guilford County Planning administers sureties for the Towns of Stokesdale, Whitsett, Pleasant Garden, Oak Ridge, Sedalia, etc. and the **surety must contain the Town's name, rather than Guilford County's**, since the contract is with the Town; but the surety is still administered by the County and all correspondence is through Guilford County, P. O. Box 3427, Greensboro, NC 27402; Phone 336/641-3334.

BOND COMPUTATION REQUEST
ESTIMATED CONSTRUCTION COST OF PUBLIC IMPROVEMENTS:

PROJECT NAME:

PHASE/SECTION:

DATE:

REQUESTED BY: _____ Ph.# _____

PAVING: (Stone, paving, etc.) \$

WATER(CITY): \$

SEWER (CITY): \$

STORM SEWER (CITY): \$

OTHER: \$

SUB-TOTAL: \$

ENGINEERING/CONTINGENCY:	\$
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ENGINEERING/CONTINGENCY:	\$
TOTAL AMOUNT OF SURETY NEEDED:	\$
(Round-off to nearest \$)	

Completed by
Planning only

COMPLETION DATE:

BY:

COMMENTS:

SOIL EROSION BONDS ARE HANDLED BY THE COUNTY EROSION CONTROL SECTION

FIRST-CITIZENS BANK & TRUST COMPANY

Established 1898

Greensboro, North Carolina

IRREVOCABLE LETTER OF CREDIT

June 23, 1993

On all communication
please refer to No. 7115

SAMPLE

County of Guilford
Greensboro
North Carolina

LETTER OF CREDIT

Gentleman:

We hereby establish our Irrevocable Credit in your favor, for the account of Joe Developer, and thereby undertake to honor your drafts at sight on us, not exceeding the aggregate of 100,000 DOLLARS (\$100,000), each draft to be accompanied by the following:

Your signed statement that the amount is due you because of failure to complete subdivision improvements as required by the Guilford County Development Ordinance, specifically the installation of water and sewer, paving and curb and guttering of streets within two (2) years of this date.

All drafts drawn under this Credit must be marked "Drawn under First-Citizens Bank & Trust Company, Greensboro, NC Branch, Letter of Credit No. 7115 dated June 23, 1993" and the amounts drawn must be endorsed on the reverse hereof by the negotiating bank or bankers.

This Credit is valid until June 23, 1995 and drafts drawn hereunder, if accompanied by documents as specified above, will be honored if presented to the issuing branch of First-Citizens Bank & Trust Company on or before that date.

Except as otherwise expressly stated herein, this Credit is subject to the "Uniform Customs and Practice for Commercial Documentary Credits", fixed by the XIII Congress of the International Chamber of Commerce (International Chamber of Commerce Brochure No. 290, 1974 revision).

Very truly yours,

Joe Banker
Vice President

SUBDIVISION IMPROVEMENT BOND

BOND NO. _____

STATE OF NORTH CAROLINA
COUNTY OF GUILFORD

KNOW ALL MEN BY THESE PRESENTS: That we, (property owner), a (owner's state of incorporation) Corporation, authorized to do business in the State of North Carolina, as Principal, and (bonding company), a corporation organized and existing under and by virtue of the laws of the State of (bonding company's state) and authorized to do business in the State of North Carolina as Surety, are held and firmly bound unto Guilford County, in the penal sum of (amount typed in caps) (\$\$\$\$) DOLLARS for the payment of which, well, and truly to be made, we firmly bind ourselves, and severally by these presents.

WHEREAS, the principal has submitted a Subdivision Plat, as required by the Guilford County Development Ordinance, entitled (Project Title), a copy of which is by reference made a part hereof;

THE CONDITION of this obligation is such that if the Principal shall well and truly do and perform the required Subdivision Improvements in (Project Title) as required in the Guilford County Development Ordinance and to in minimum standards approved by the jurisdiction, specifically (List improvements, i.e. construction of public streets, installation of public water and sewer lines, etc.), this obligation shall be void, otherwise to remain in full force and effect.

Signed, Sealed, delivered, and effective this _____ day of _____, 19__

COUNTERSIGNED: SAMPLE (SEAL)

By: _____
Owner - (Named Typed) (SEAL)

SUBDIVISION IMPROVEMENT

Agency Name (SEAL)

BOND
Resident Agent (Name Typed) By: _____
Attorney-In-Fact (Name Typed)
(Bonding Company)