

Help with Surety Bonds

What is a surety bond? People ask this every time when they are mentioned and understandably so as it's not a very common term. There are many different types of surety bonds from corporate surety bonds, mortgage bonds and insurance bonds to court bonds, construction bonds and bad credit bonds, and they are all basically a guarantee that a service is performed or that a condition is met.

This guarantee or 'contract' is taken out between at least three parties;

- The principal – This is the company or individual promising a service or condition to be completed.
- The obligee – This is the company or individual requiring the principal's services or conditions to be completed or met.
- The surety – This is the company ensuring that the principal's promises are met.

Throughout the length of this contract the surety acts for the benefit of the obligee to uphold the promises made by the principal and if the contract is not fulfilled to ensure the obligee is compensated as per the contracts conditions.

There are many types of surety bond however they fall into one of two main categories: contract bonds and commercial bonds. Contract bonds guarantee a contract is fulfilled, this includes performance bonds, construction bonds and subdivision bonds, while commercial bonds include auto dealer bonds, pay day loan bonds and [mortgage bonds](#).

Surety Bonds tend to be used more in the construction industry than in other industries, due to the need to obtain building contracts and providing the owner of the properties with performance bonds to guarantee the service. Although construction companies can take out payment bonds to guarantee the construction workers are paid for their work.

About the Author

Surety bonds are very useful when you're trying to guarantee that something you need gets done and there are plenty of surety bonds to choose from whether it be [corporate surety bonds](#) or mortgage bonds. So if you need something doing maybe you should think about '[Getting Bonded](#)' to guarantee it.

Source: <http://www.spivo.com/articles>