

B-PERMIT PLAN CHECK MANUAL

14.7.1 BOND REDUCTIONS

Quite often on a very large project where a substantial bond has been posted, the applicant/permittee will request a **bond reduction**. Remember, the purpose of the original bond was to guarantee that all the public improvements would be constructed and accepted and the as-builts would be added to the drawings.

Once construction begins and the improvements are installed the need for the total bond amount is negated. If the applicant/permittee requests a bond reduction, the District Office should revise the bond estimate by subtracting the cost the cost of the improvements that have been completed and accepted. It is a good practice to add back ten (10) percent to the reduced estimate to make sure the as-builts are posted on the drawings. In addition, the completion date of the project can be revised to reflect actual construction activity or new projections

After the District Office has been requested by the applicant/permittee to reduce the bond amount and possibly revise the completion date, the District Office will type a **bond rider**. The applicant/permittee will then take the bond rider to his/her surety company for approval and bring it to Bond Control.

On very large projects with a long construction period, it is not unusual to have requests for multiple bond reductions and the posting of new bond riders as incremental portions of the project are completed and approved.

Another incidence where a bond rider might be requested is when a project has been completed, but the paperwork is not yet done to release the bond and the principal still must renew their bond. In this case, we reduce the bond again using a bond rider just to carry the project on the books until the close out process is completed.