



**Premium Based on Final Contract Price, Not Penal Sum**

Bond Number: \_\_\_\_\_

Initial Premium:

## **PAYMENT BOND**

Take notice that \_\_\_\_\_, as Principal, (hereinafter called "the Principal"), and **PHILADELPHIA INDEMNITY INSURANCE COMPANY**, as Surety (hereinafter called "the Surety"), are held and firmly bound unto \_\_\_\_\_, as Obligee, (hereinafter called "the Obligee") for the use and benefit of Claimants as defined herein, in the amount of DOLLARS(\$ \_\_\_\_\_) (hereinafter called "the Penal Sum"), for the payment whereof the Principal and the Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS. The Principal has by written agreement dated \_\_\_\_\_, entered into a contract with Obligee for \_\_\_\_\_ (hereinafter called "the Contract").

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if the Principal shall pay for labor, materials and equipment furnished by Claimants for use in the performance of the Principal's scope of work under the Contract (hereinafter collectively called "the Construction Work"), then this obligation shall be null and void, otherwise it shall remain in full force and effect subject to the terms and conditions of this Payment Bond.

1. Although the Surety waives notice of any reasonable modifications to the terms of the Contract, the Surety's obligations to Claimants under this Payment Bond are expressly conditioned upon:
  - a. Claimants employed by or having a direct contract with the Principal having furnished a Claim to the Surety.
  - b. Claimants, who do not have a direct contract with the Principal, having furnished a written notice of non-payment to the Principal, stating with substantial accuracy, the amount claimed and the name of the party to whom materials were, or equipment was, furnished or supplied or for whom the labor was done or performed, within ninety (90) days after having last performed or last furnished materials or equipment included in the Claim; and have sent a Claim to the Surety.
2. When a Claimant has satisfied the conditions of Paragraphs 1(a) or 1(b), whichever is applicable, the Surety shall take the following actions:
  - a. Send an answer to the Claimant within sixty (60) days after receipt of the Claim, stating the amounts that are undisputed and the basis for challenging the amounts that are disputed; and
  - b. Pay or arrange for payment of any undisputed amounts.

The Surety's failure to discharge its obligations under this Paragraph 2 shall not be deemed to constitute a waiver of defenses the Surety or Principal may have or acquire as to a Claim, except as to undisputed amounts for which the Surety and Claimant have reached agreement.

3. The Surety's total obligation shall not exceed the amount of Penal Sum of this Payment Bond and the Penal Sum shall be credited for any payments made by the Surety under this Payment Bond. The Penal Sum may only be modified by a written rider to this Payment Bond executed by an authorized representative of the Surety.
4. Principal and Obligee agree that all funds earned by Principal in the performance of the Construction Work are dedicated to satisfy obligations of the Principal and Surety under this Payment Bond. The Surety shall not be liable to the Obligee, Claimants or others for obligations of the Principal that are unrelated to the Construction Work. The Obligee shall not be liable for payment of any costs or expenses of any Claimant under this Payment Bond and shall have no obligation to make payments to, or give notice on behalf of, Claimants or otherwise have any obligations to Claimants under this Payment Bond
5. No suit or action shall be commenced under this Payment Bond by a Claimant other than in a court of competent jurisdiction in the state in which the project that is the subject of the Construction Work is located; and after the expiration of one (1) year from the date (1) on which the Claimant sent a Claim to the Surety pursuant to Paragraph 2, or (2) on which the last labor or service was performed by Claimant or the last materials or equipment were furnished by Claimant, whichever of (1) or (2) first occurs.
6. Notice and Claims to the Surety or Principal shall be mailed or delivered to the addresses shown on the first page of this Payment Bond, and sent in compliance with any applicable statutory notice requirements.
7. When this Payment Bond has been furnished to comply with a statutory requirement, any provision in this Payment Bond conflicting with said statutory requirement shall be deemed deleted herefrom and the provisions conforming to such statutory requirement shall be deemed incorporated herein. When so furnished, the intent of this Payment Bond shall be construed as a statutory bond, and not as a common law bond.
8. Definitions:
  - a. Claim: A written statement by the Claimant including at a minimum:
    - i. The name and contact information of the Claimant;
    - ii. The name of the person or entity for whom labor was done or materials or equipment furnished;
    - iii. A brief description of the labor, materials or equipment furnished;
    - iv. The date on which the Claimant last performed labor or last furnished materials or equipment for use in the performance of the Construction Work;
    - v. The total amount due and unpaid to the Claimant for labor, materials or equipment furnished as of the date of the Claim.
  - b. Claimant: An individual or entity having a direct contract with the Principal or with a subcontractor of the Principal to furnish labor, materials or equipment for use in the performance of the Construction Work.

DATED:

(Principal)

Philadelphia Indemnity Insurance Company  
(Surety)

By: \_\_\_\_\_

By: \_\_\_\_\_  
, Attorney In Fact