

**BOND FOR FAITHFUL PERFORMANCE
OF DISTRICT FACILITIES AGREEMENT**

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, _____(hereinafter referred to as “Principal”) has entered into an agreement with the Valley Center Municipal Water District, (hereinafter referred to as the “District”) whereby Principal agrees to install and complete certain public improvements identified as the _____(hereinafter referred to as the “Project”).

WHEREAS, the work to be performed by the Principal is more particularly set forth in the District Facilities Agreement _____, in accordance with District Standards (hereinafter collectively referred to as “Contract Documents”), the terms and conditions of which are expressly incorporated herein by reference; and

WHEREAS, the Principal is required by said Contract Documents to perform the terms thereof and to furnish a bond for the faithful performance of said Contract Documents.

NOW, THEREFORE, we, _____, the undersigned Principal and _____ as Surety, a corporation organized and duly authorized to transact business under the laws of the State of California, are held and firmly bound unto the District in the penal sum of _____DOLLARS, (_____), for which amount well and truly to be made, we bind ourselves, our heirs, executors and administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that, if the Principal, his or its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and agreements in the Contract Documents and any alteration thereof made as therein provided, on its part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their intent and meaning; and shall faithfully fulfill all obligations; and shall indemnify and save harmless the District, its officers and agents, as stipulated in said Contract Documents, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

As a condition precedent to the satisfactory completion of the Contract Documents, unless otherwise provided for in the Contract Documents, the above obligation shall hold good for a period of one (1) year after the acceptance of the work by District (“Warranty Period”), during which time if Principal shall fail to make full, complete, and satisfactory repair and replacements and totally protect the District from loss or damage resulting from or caused by defective materials or faulty workmanship. Upon acceptance of the work by the District, the amount of this bond may be reduced to twenty-five percent (25%) of the penal sum but not less than \$3,000 during the Warranty Period. The obligations of Surety hereunder shall continue so long as any obligation of Principal remains. Nothing herein shall limit the District’s rights or the Principal’s or Surety’s obligations under the Contract Documents, law or equity, including, but not limited to, California Code of Civil Procedure section 337.15.

Whenever Principal shall be, and is declared by the District to be, in default under the Contract Documents, the Surety shall remedy the default pursuant to the Contract Documents, or shall promptly, at the District's option:

- (1) Take over and complete the Project in accordance with all terms and conditions in the Contract Documents; or
- (2) Obtain a bid or bids for completing the improvements and work specified in the Agreement in accordance with all terms and conditions therein and upon determination by Surety of the lowest responsive and responsible bidder, arrange for a Contract between such bidder, the Surety, the County and the District, and make available as work progresses sufficient funds to pay the cost of completion of the improvements and work specified in the Agreement, including other costs and damages for which Surety may be liable.
- (3) Permit the District to complete the Project in any manner consistent with California law and make available as work progresses sufficient funds to pay the cost of completion of the Project, less the balance of the contract price, including other costs and damages for which Surety may be liable.

Surety expressly agrees that the District may reject any contractor or subcontractor which may be proposed by Surety in fulfillment of its obligations in the event of default by the Principal.

Surety shall not utilize Principal in completing the Project nor shall Surety accept a bid from Principal for completion of the Project if the District, when declaring the Principal in default, notifies Surety of the District's objection to Principal's further participation in the completion of the Project.

The Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the Contract Documents or to the Project to be performed thereunder shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the Contract Documents or to the Project.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____ day of _____, 20__.

(Corporate Seal)

Principal

By _____

Title _____

(Corporate Seal)

Surety

By _____

Attorney-in-Fact

(Attach Attorney-in-Fact Certificate)

Title _____

THIS IS A REQUIRED FORM

Any claims under this bond may be addressed to:

(Name and Address of Surety)

(Name and Address of Agent or
Representative for service of
process in California, if different
from above)

(Telephone number of Surety and
Agent or Representative for service
of process in California)
