

STATE OF NEW JERSEY • DEPARTMENT OF COMMUNITY AFFAIRS

SUBJECT: Fidelity Bonding Requirements: Non-governmental, Non-State Affiliated, Nonprofit Organizations Receiving CDBG-DR Awards

NUMBER: 2.10.91

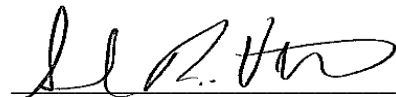
EFFECTIVE: June 2016

REVISED: July 2016

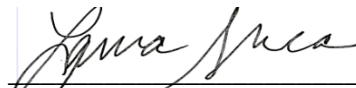
SANDY CDBG-DR

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APPROVAL:



Samuel R. Viavattine
Deputy Commissioner
Sandy Recover Division



Laura Shea
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POLICY:

Grant awards of \$50,000 or more made to non-governmental, non-State affiliated, or nonprofit organizations must be secured against the possibility of theft by means of a Fidelity Bond in the amount of at least \$50,000. These bonds will be secured from a company holding a certification of authority as an acceptably surety.

In addition, all bonding requirements will be consistent with 2 CFR Part **§200.325 Bonding requirements**. For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the nonfederal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

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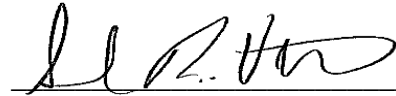
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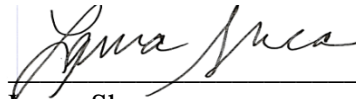
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PROCEDURE:

The subrecipient agreement will establish if a Fidelity Bond will be required, and if so, the dollar amount of the Bond. This policy and procedure establish guidelines pertinent to this determination.

Fidelity Bonding is required whenever:

1. The award amount is \$50,000 or greater;
2. The award recipient agency is a non-governmental, non-State affiliated, or nonprofit organization.

Fidelity Bonds are to be written to cover a potential minimum liability of at least \$50,000, and must remain in force for the entire term of the grant award. If warranted, the Grant Program Manager may require a greater amount to ensure risk coverage.

Evidence of the Fidelity Bond must be provided prior to the disbursement of any CDBG-DR funds to the awardee.
