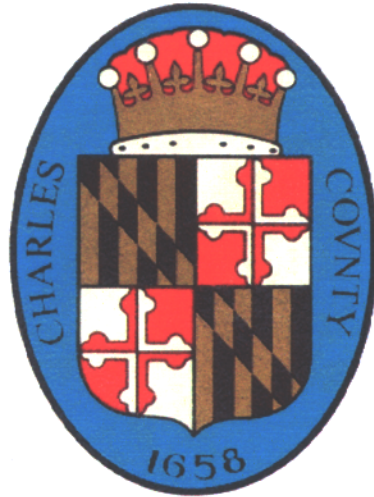


**CHARLES COUNTY GOVERNMENT
PLANNING AND GROWTH MANAGEMENT**



**BOND AND DEVELOPMENT
AGREEMENT PROCESS
GUIDE**

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I. BOND APPROVAL PROCESS

A. BOND AMOUNTS

1. Computation of the Bond Amounts: Using the cost submitted by the applicant utilizing the County Standard Unit Price List, the Development Services Department Reviewer sets the bond amounts for grading, stormwater management, road construction, road entrance, water and/or sewer. The Planning Department sets the bond amounts for reforestation and recreation..
2. Administration Notification: Once the bond amounts have been set, a “Bonding Requirements” forms is given by Development Services to the Administration’s Bond Clerk, who creates a bond file, prepares a checklist to assist PGM in tracking the project from beginning to release.

B. APPLICANT NOTIFICATION AND RESPONSE

1. Bonding Requirement Notification: The Administration Bond Clerk transmits the Bonding Requirement Notification form to the applicant. This informs the applicant of the bond amounts, what types of collateral may be used, and other documentation needed to prepare the bond and development agreement.
2. Bonding Method: The following are the different bonding methods allowed by Charles County:
 - a. Bonding of the Total Project - Applicant posts a bond for all aspects of the construction permit, which may include grading, road construction, road entrance, water/sewer construction, stormwater management, recreation and reforestation. Plat is approved after bond documents are approved by the County Commissioners.
 - b. Partial Bonding and Completion of Improvements - Applicant posts a bond for grading, recreation and stormwater management. Road construction and water/sewer construction must be completed, inspected, and accepted by the County before the plat will be approved.
3. Collateral and Documentation: Three types of collateral to secure the bond are accepted by Charles County, they are:
 - a. Bank Letter of Credit: The expiration date for the letter of credit must be two (2) years from the date of issuance. A sample format is forwarded to the applicant on the reverse side of the Bonding Requirement Form. The Letter of Credit must be issued by a bank with the central location in the

Baltimore/Washington Metropolitan Region, the financial institution must be Federally insured. **A Bank Credit Rating must be submitted with the Letter of credit.**

- b. Surety Company: A letter from the insurance company stating the name of the surety and the agent's name is submitted by the Applicant. A sample format is forwarded to the applicant along with the Bonding Requirement Form. **Documentation showing the Surety is authorized to do business in Maryland must be submitted with the insurance company letter.**

DO NOT SUBMIT AN INSURANCE COMPANY BOND

- c. Cash Escrow: The applicant may submit a check (personal, cashier's or certified) made payable to the Charles County Commissioners. The applicant must also fill a Request for Taxpayer Identification Number and Certification W-9 form. An Escrow Agreement will be prepared by the County Attorney. After signature and approval, the money will be placed in an interest-bearing escrow account by the County Treasurer.
- d. If the project involves road construction and/or water and/or sewer lines and in some cases, stormwater management: A development agreement will be prepared for use as exhibits to the development agreement, the applicant needs to submit:
 - (1) Plat: A copy of the proposed plat must be submitted. This will be used as Exhibit A to the Development Agreement. The copy of the plat can be no larger than 8-1/2" x 14". The property covered by the bond must be outlined in **red** and the plat titled "Exhibit A". The plat must show the owner's dedication. The owner's name on the plat must be exactly the same as the owner's name on the collateral.
 - (i) If the applicant has recently purchased the property and plats have not been prepared showing the applicant's name as owner, a copy of the existing recorded plat, along with a copy of the deed showing the applicant's name as owner may be submitted.
 - (ii) If the applicant is not the owner of the property, such as a restaurant or business, a paragraph stating that the owner assents to the undertakings of the applicant will be added to the bond and development agreement. The owner of the property will be required to sign the bond and development

agreement.

- (2) Approved Construction Plans - Before submitting the necessary documents for bonding, ensure that the required number sets of approved construction plans have been submitted to the Development Services Division. When the approved plans are received, the Development Services Administrative Secretary will prepare a summary of the approved construction plans to be used as Exhibit B for the Development Agreement.

- e. **Please submit the collateral, all necessary documentation, the copy of the proposed plat, if applicable and any necessary documents as described above as one package. If the bonding package is not complete, it will not be accepted and will be returned to the applicant.**

II. PREPARATION AND PROCESSING OF BONDS AND DEVELOPMENT AGREEMENTS

A. Preparation of the Bond and Development Agreement:

When the complete bonding package is received from the applicant:

1. PGM Administration will submit through an inter-office memorandum all documents to the County Attorney.
2. If the Collateral is a bank letter of credit, the County Attorney will submit the letter of credit to the Charles County Fiscal Services Department for approval. The Fiscal Services Department returns the approved letter of credit to the County Attorney.
3. The County Attorney reviews the documents, prepares the bond and development agreement and returns to PGM Administration.

B. Processing of the Bond and Development Agreement:

1. PGM Administration will forward the bond and development agreement to the applicant for signature.
2. The applicant will sign the documents and have them notarized. If the applicant is using a surety, the surety will also sign the bond, have it notarized, and attach a Power of Attorney. The applicant then returns the package to PGM Administration.
3. PGM Administration reviews the bonding package to ensure that the

documents are signed on the proper lines; the surety company has signed and the Power of Attorney is attached, if applicable; and that the documents are notarized and a seal is affixed. The Director for Planning and Growth Management then reviews and approves the bond and development agreement, and, if applicable, the Release to Notice to Title Examiners, and forwards the documents to the County Attorney.

4. The County Attorney reviews and approves the bond and development agreement, and, if applicable, the Release to Notice to Title Examiners, and presents to the Charles County Commissioners for approval and signature by the President of the County Commissioners. Once the Commissioners have approved the bond and development agreement, the documents are returned to the County Attorney for recordation of the development agreement and, if applicable, the Released to Notice to Title Examiners. After recordation, the documents are returned to PGM Administration.
5. PGM Administration forwards a copy of the bond, development agreement, and, if applicable, Release to Notice to Title Examiners, to the applicant. The original bond and collateral is maintained in PGM Administration.

III. BOND REDUCTION

- A. Automatic Bond Reduction: At time of substantial completion on projects with water and/or sewer improvements, or base coat of asphalt where there are no water and/or sewer improvements, an automatic bond reduction is processed.
 1. Field Operation Supervisor signs an Automatic Bond Reduction form and forwards to Administration.
 2. Administration transmits the Automatic Bond Reduction form to notify the applicant of the reduced bond amounts.
 - a. If the collateral is a **letter of credit**, the applicant must submit one of the following:
 - (1) An amendment to the existing letter of credit revising the bond amounts, or
 - (2) A new letter of credit from the same bank reflecting the reduced bond amount.
 - (i) If a new letter of credit is submitted, the existing letter

of credit will be released upon approval of the new letter of credit by the County Commissioners.

- (ii) If the new letter of credit is issued by a different bank, a new bond will be required. The applicant will need to submit a bank credit rating along with the letter of credit.
 - b. If the collateral is a **cash escrow**, the reduced bond amount will be deducted from the cash escrow held by the County's and applicant's name by the County Treasurer.
 - (1) Administration will notify the County Treasurer to reduce the escrow account by the approved amount and return the funds to the applicant.
 - (2) Administration will notify the applicant of the reduced bond amounts and advising that the funds will be returned by the County Treasurer.
 - c. If the collateral is a **surety company**, the applicant will advise the surety company that the bond amounts have been reduced. No documents need to be submitted by the applicant or the surety company.
- B. Warranty Period Reduction: To protect the County against defects, public facilities and public improvements will have a one-year warranty period. The bond will be reduced to 10% of the original bond amount established for the improvement being dedicated to the County.
- 1. For projects not governed by the Subdivision Regulations effective August 1, 1996, only, a warranty period of water and/or sewer is required and begins at substantial completion acceptance.
 - 2. For projects governed by the Subdivision Regulation effective August 1, 1996, the warranty period for all public facilities and public improvements will begin after final inspection and acceptance.

IV. BOND RELEASE

- A. Bonds will be released after the acceptance of all Final Completion Inspections and

completion of all necessary dedications.

1. For projects not including water, sewer and/or roads, the Bond will be recommended for release when the following applicable inspections occur:
 - a. Final Completion Acceptance of road entrance
 - b. Final Completion Acceptance of grading
 - c. Final Completion Acceptance of stormwater management
 - d. Final Completion Acceptance of reforestation requirements
 - e. Final Completion Acceptance of recreation
 - f. Final Completion Acceptance of any other special requirements.

 2. For projects including water, sewer and/or roads, the bond will be recommended for release when the following applicable inspections and dedication occur:
 - a. Final Completion Acceptance of water/sewer construction
 - b. Final Completion Acceptance of road construction or road entrance
 - c. Final Completion Acceptance of grading
 - d. Final Completion Acceptance of Stormwater management
 - e. Final Completion Acceptance of reforestation requirements
 - f. Final Completion Acceptance for recreation
 - g. Final Completion Acceptance of any other special requirements
 - h. Dedication documents have been approved and accepted by the County.
- B. When the above applicable inspections and dedications are approved, Development Services submits copies of all Final Completion Certificates and notification that dedication documents have been approved to Administration.
- C. Administration prepares a Bond Release Authorization form to be signed by the Chief of Development Services and the Director of Planning & Growth Management and submits to the County Attorney, who reviews and presents to the County Commissioners. The County Commissioners return the approved Bond Release Authorization to the County Attorney. The County Attorney submits to PGM Administration.
- D. If the collateral on the bond is a letter of credit or a surety company, Administration transmits a cover letter enclosing the original bond and original letter of credit or Power of Attorney to the Applicant.
- E. If the collateral on the bond was a cash escrow, Administration transmits the released bond to the Applicant, with a letter stating that funds will be returned by the County

Treasurer.

1. Administration notifies the County Treasurer that the escrow agreement is to be released.
2. The County Treasurer transmits the released funds to the Applicant.