



Bond Program

Bond Service

The Town of Wake Forest requires developers to provide improvement guarantees and performance securities as part of the land development process. The guarantee and securities are to remain in place until the improvements are complete or a warranty period has been successfully fulfilled. If the developer fails to meet the obligations to complete improvements or to address defects, the Town can use the guarantee or security to complete the improvements or repairs.

Performance Securities and Improvement Guarantees

A Guarantee/Security is required for subdivision plat recordation or when a non-residential and multi-family certificate of occupancy is needed. Guarantees/Securities are required, at a minimum, for stormwater control measures, erosion control measures, public infrastructure, trees, and landscaping. Guarantee/Security types differ in their purpose and application:

Construction Phase (Performance/Improvement): A Performance Security is to ensure that the obligated work (maintaining measures) is performed correctly. An Improvement Guarantee is to ensure the completion of improvements.

Maintenance Phase (Warranty Security): Warranty securities are required to inspect the maintenance of SCM's that have approved as-builts.

Performance Securities are required prior to construction. Performance Securities shall be required for stormwater structures and temporary erosion, sedimentation, and stormwater controls.

The Town of Wake Forest may, at its discretion, require the submittal of a performance security to ensure that the structural SCM's are maintained by the owner as required by the operation and maintenance agreement. The amount of a performance security for the maintenance of structural SCM's shall be the present value of an annuity of perpetual duration based on a reasonable estimate of the annual cost of inspection, operation, and maintenance of the SCM's approved under the permit, at a discount rate that reflects the jurisdiction's cost of borrowing minus a reasonable estimate of long-term inflation.

Performance securities must be provided to the Town for all projects of ½ acre (21,780 square feet) or more in surface area. The amount of a performance security for temporary erosion, sedimentation and stormwater controls shall be 125% of the cost to remove, maintain or repair all erosion control measures.

Improvement Guarantees are in lieu of construction of the permanent improvements required by the Town of Wake Forest UDO. The developer shall guarantee that such improvements will be carried out according to the Town of Wake Forest's specifications at his/her expense. At minimum, improvements such as public utilities and initial surface of roadway shall be installed and inspected by the Administrator for compliance. The remaining improvements shall be built or bonded prior to the recording of the final plat.

Such guarantees shall be in an amount of not less than 125% of the estimated cost of the construction of the required improvements. The amount of guarantee shall be approved by the Administrator based on a Professional Engineers certified cost estimate. The Administrator shall authorize the release of all, or a portion of, any guarantee posted as the improvements are completed.

Warranty Securities are required upon completion of construction of new streets, stormwater controls or other required utilities. Once all the improvements are deemed acceptable by the Town and pass the warranty inspection, the developer shall submit the following:

- A. A set of acceptable as-built drawings,
- B. A written warranty against defects which shall guarantee the material and workmanship of required improvements for a period of not less than one year from the date of such acceptance.
- C. A financial guarantee payable to the Town equal to at least 25% of the cost of the installation of such improvements as determined by the Administrator.

Upon approval of these materials and acceptance of the improvements by the Town, a 1-year warranty period shall commence. During the 1-year warranty period, the developer shall repair any latent defects that occur. At the end of the one-year warranty period, the developer shall request a final inspection. Upon successful completion of all warranty items, the developer shall be released from maintenance responsibilities for the warranted construction.

Types of Guarantees/Securities

When the Engineering and Planning Departments require a Guarantee/Security for a project, the developer/builder has the option of providing an Irrevocable Letter of Credit, a Guarantee/Security Bond, or a Cash Deposit (or certified check).

Guarantee/Security Surety Bond - A Guarantee/Security Surety Bond is an agreement under which one party, the Guarantee/Security (the insurance company) guarantees to another party, the Owner or Obligee (the Town of Wake Forest), that a third party, the Principal (the developer/builder), will perform a contract (i.e., the subdivision plat or development) in accordance with the terms and conditions of the contract agreement. Since Guarantee/Security bonds guarantee a Principal's performance, a Guarantee/Security bond may provide financial and/or project management resources for the Town of Wake Forest.

In the event of Principal default, the Guarantee/Security may: finance completion by the existing developer; assume responsibility and complete the project using developers of its choosing; or pay the Obligee (the Town of Wake Forest) the amount required to complete the project.

Cash/Certified Check - A certified check or money order made payable to and deposited into the Town of Wake Forest's escrow account. A cash Guarantee/Security serves as a financial resource for the completion of improvements by the Town of Wake Forest in the event of developer/builder default. A cash deposit provides protection until the Town of Wake Forest returns the funds to the developer/builder. No renewal or policy terms are required.

Irrevocable Letter of Credit - Developers/builders obtain letters of credit from banks where they have established lines of credit/open loans. A letter of credit serves as a financial resource for the completion of improvements by the Town of Wake Forest in the event of developer/builder default. Letters of credit are genuinely effective for a minimum amount of time with an expiry date clearly indicated on the document. If prior notice of expiration is not given by the issuer (bank), the letter of credit is automatically extended for one year.

Obtaining a NEW Guarantee/Security

All Guarantees/Securities must be submitted to the Town of Wake Forest staff for review and approval. To obtain approval, submit a Guarantee/Security Application in IDT under New Planning Application > Guarantee/Security Application. The Project Engineer must complete a Guarantee/Security estimate with the correct multiplier (25% for warranty bonds and 125% for improvement/performance). The estimate must be submitted in the IDT Guarantee/Security Application.

The submitted information will be reviewed by Town staff within 10 days. A field inspection will be performed to verify current project status for the Performance/Guarantee request.

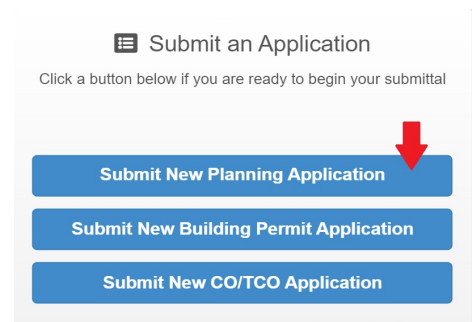
Guarantee/Security REPLACEMENT, REDUCTION, or RELEASE

To replace, reduce or release a Guarantee/Security, the applicant must submit a Guarantee/Security: Release/Return (Full or Partial), Extension or Replacement application in IDT. To reduce or replace a guarantee/security, the Project Engineer must complete a Guarantee/Security estimate with the correct multiplier (25% for warranty bonds and 125% for improvement/performance) that reflect current site and financial conditions. The estimate must be submitted in the IDT application. Reductions may not lower the guarantee/security amount to lower than 25% of the originally approved estimate.

The submitted information will be reviewed by Town staff within 10 days. A field inspection will be performed to verify current project status for the Performance/Guarantee request.

TO BEGIN AN APPLICATION

1. Go to <https://wakeforest.geocivix.com/secure/>
2. Select **Submit New Planning Application**
3. Set **Application Category** to *Planning/Development Services*
4. Select the **Application Type** drop down menu and select either *Guarantee/Security* (to apply for & obtain) **or** *Guarantee/Security: Release/Return (Full or Partial), Extension or Replacement* (for an existing guarantee/security).



A screenshot of a web application form. It features three dropdown menus: "County" (set to "Wake"), "Application Category" (set to "Planning/Development Services"), and "Application Type" (set to "Select"). A red arrow points down to the "Application Category" dropdown. Below the dropdowns are "Save and Continue" and "Help" buttons. A second screenshot shows the "Application Category" dropdown menu expanded, listing various categories. A red arrow points to the "Guarantee/Security" option in the list.

County: Wake

Application Category: Planning/Development Services

Application Type: Select

Save and Continue Help

Application Category dropdown options:

- Conditional District Rezoning
- Construction Plans
- Construction Plans - Revisions
- Development Agreement
- Driveway Permit
- Driveway Permit (Prior to July 1, 2021)
- Family Care Home
- Guarantee/Security**
- Guarantee/Security: Release/Return (Full or Partial), Extension, or Replacement
- Historical Marker
- Home Occupation
- Land Disturbance Permit for Individual Lots
- Map Amendment (Rezoning)
- Noise Permit
- Planned Unit Development Rezoning

Application Type: Select

Save and Continue Help