

# Payment Bond

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner

(This Bond is issued simultaneously with Performance Bond in favor of  
Owner conditioned on the full and faithful performance of the contract)

Project Number: \_\_\_\_\_

Know All Men By These Presents, that we, \_\_\_\_\_  
of \_\_\_\_\_  
as Principal, (hereinafter called the Principal) and \_\_\_\_\_,  
a \_\_\_\_\_ as Surety, (hereinafter called the Surety) are held and firmly bound  
unto \_\_\_\_\_ as Obligee, (hereinafter called the "Owner"), for the use and  
benefit of claimants as hereinafter defined, in the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_),  
lawful money of the United States of America, for the payment of which Principal and Surety bind themselves, their heirs, executors,  
administrators, successors and assigns, jointly and severally, firmly by these presents.

Whereas, Principal has entered into a Construction Contract dated \_\_\_\_\_ with Owner for the construction of a Housing  
Project designated as \_\_\_\_\_ a copy of which Construction Contract is by reference made  
a part hereof; and is hereinafter referred to as the Contract.

Now, therefore, the conditions of this obligation is such that, if  
Principal shall promptly make payment to all claimants as hereinafter  
defined, for all labor and material used or reasonably required for use in  
the performance of the Contract, then this obligation shall be void;  
otherwise it shall remain in full force and effect, subject, however, to the  
following conditions:

1. A Claimant is defined as one having a direct contract with the  
Principal or with a subcontractor of the Principal for labor, material, or  
both, used or reasonably required for use in the performance of the  
contract, labor and material being construed to include that part of  
water, gas, power, light, heat, oil, gasoline, telephone service or rental of  
equipment directly applicable to the Contract.

2. The above name Principal and Surety hereby jointly and severally  
agree with the Owner that every claimant as herein defined, who has not  
been paid in full before the expiration of a period of ninety (90) days  
after the date on which the last of such claimant's work or labor was  
done or performed, or materials were furnished by such claimant, may  
sue on this bond for the use of such claimant, prosecute the suit to final  
judgment for such sum or sums as may be justly due claimant, and have  
execution thereon. The Owner shall not be liable for the payment of any  
costs or expenses of any such suit.

3. No suit or action shall be commenced hereunder by any claimant:

a) Unless claimant, other than one having direct contract with the  
Principal, shall have given written notice to any two of the following:  
The Principal, the Owner, or the Surety above named, within ninety

(90) days after such claimant did or performed the last of the work or  
labor, or furnished the last of the materials for which said claim is made,  
stating with substantial accuracy the amount claimed and the name of  
the party to whom the materials were furnished, or for whom the work  
or labor was done or performed. Such notice shall be served by mailing  
the same by registered mail or certified mail, postage prepaid, in an  
envelope addressed to the Principal, Owner or Surety, at any place  
where an office is regularly maintained for the transaction of business,  
or served in any manner in which legal process may be served in the state  
in which the aforesaid project is located, save that such service need not  
be made by a public officer.

b) After the expiration of one (1) year following the date on which  
Principal ceased work on said Contract, it being understood, however,  
that if any limitation embodied in this bond is prohibited by any law  
controlling the construction hereof, such limitation shall be deemed to  
be amended so as to be equal to the minimum period of limitation  
permitted by such law.

c) Other than in a state court of competent jurisdiction in and for the  
county or other political subdivision of the state in which the project, or  
any part thereof, is situated, or in the United States District Court for the  
district in which the project, or any part thereof, is situated, and not  
elsewhere.

4. The amount of this bond shall be reduced by and to the extent of any  
payment or payments made in good faith hereunder, inclusive of the  
payment by Surety of mechanics' liens which may be filed of record  
against said improvement, whether or not claim for the amount of such  
lien be presented under and against this bond.

Signed and Sealed this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

Witness as to Principal:

\_\_\_\_\_  
(Principal) (Seal)

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

By: \_\_\_\_\_  
(Surety)

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

\$ \_\_\_\_\_

\_\_\_\_\_  
(Surety)

**PAYMENT BOND**

No. \_\_\_\_\_

On Behalf of

\_\_\_\_\_  
To  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date \_\_\_\_\_, 19 \_\_\_\_\_

Expires \_\_\_\_\_, 19 \_\_\_\_\_